1907 — Business, Financial and Investment Counselors — 1928
"Over Twenty Years Of Service"

Stocks with Hidden Assets

MAGAZINE of WALL STREET

APRIL 21ST 1928

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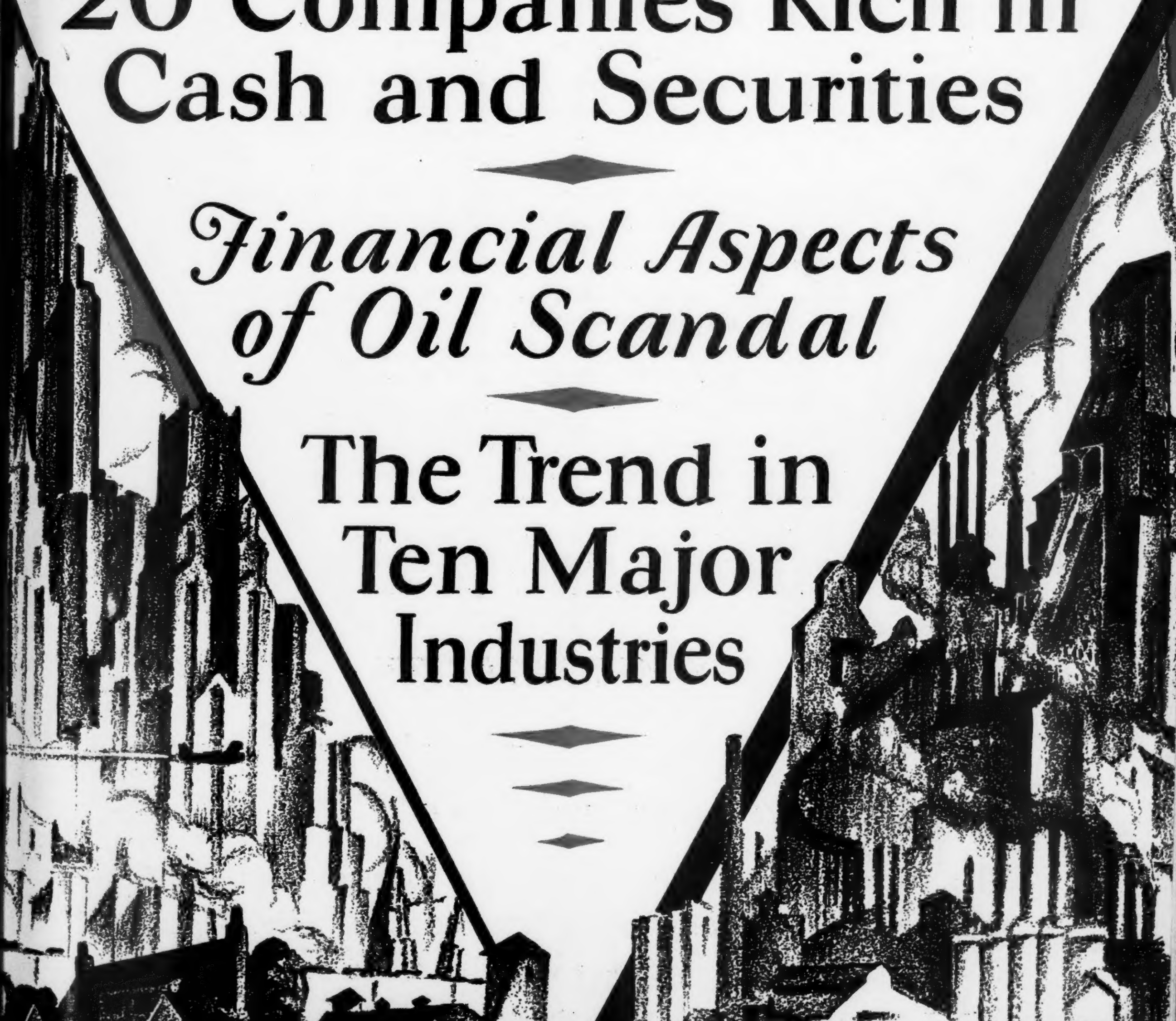
20 Companies Rich in Cash and Securities

Financial Aspects of Oil Scandal

The Trend in Ten Major Industries



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WITH THE EDITORS

Long-Range Investments Pay If—

A WELL known company engaged in public utility and petroleum operations recently published an advertisement in which it was shown that one thousand dollars invested in the common stock of that company seventeen years ago, with dividends reinvested in that stock, would today be worth about $13,700. American investors are familiar with countless examples of the great increase in value of the securities of our leading corporations over a period of years. The purchaser of such stocks as General Motors, U. S. Steel, American Can, National Biscuit, Woolworth, and others of that type who have held for ten or fifteen years are considerably enriched today, as a result.

The careful selection of a stock and its patient retention over a long period of years has generally worked to the great advantage of the investor. In such a case, he has simply "given" his money to acute business leaders who have been able to do much more with it than he could do for himself, under ordinary circumstances. As a result under their management, the value of his investment has grown more or less steadily so that today its value is many times the amount of the original investment.

Of course, over a period of years conditions change greatly and it may be necessary for an investor to revise his original ideas concerning his investment. Industries become obsolete or companies formerly in what seemed an impregnable position lose ground or pass out of existence altogether. The investor must be prepared for such contingencies and he will prepare best if he keeps in closest touch with the developments of his corporation. But he must not confuse temporary setbacks with permanent disability. All corporations, even the best, have their downs as well as ups and the investor need not dispose of his securities, if he has been holding them as a permanent investment, merely because the earnings for a particular period are not satisfactory. On the other hand, if he has satisfied himself that the position of his company may be impaired due to fundamental causes, he should not wait for further developments but sell his stock.

Ordinarily, however, if he has invested in a strong company which is expanding, he will have no cause for regret if he holds on to his stock over a period of years. The writer is acquainted with an investor who has been buying U. S. Steel stock for the past fifteen years. He has never sold a share and advances in the stock have never tempted him to take his profits. Today the average cost of his investment is a very small fraction of the present value. Thousands of wise investors throughout the country have achieved similar results by following similar programs. The method is not spectacular—it is slow but it pays, provided the investor keeps his ear close to the ground and takes nothing for granted.

In the Next Issue

1. The Best Profit Opportunities Among Dividend-Payers in 8 Groups

—a selection of the most attractive dividend-paying stock from each of eight leading market groups. This feature will be followed in the succeeding issue by a selection of the most attractive non-dividend paying stock in the same groups.

2. What Wall Street's Experts Think of the Market

—a symposium of views on the future of the stock market by leading statisticians and market commentators in the financial district. An unusually valuable article owing to the extreme interest in the position of the market.

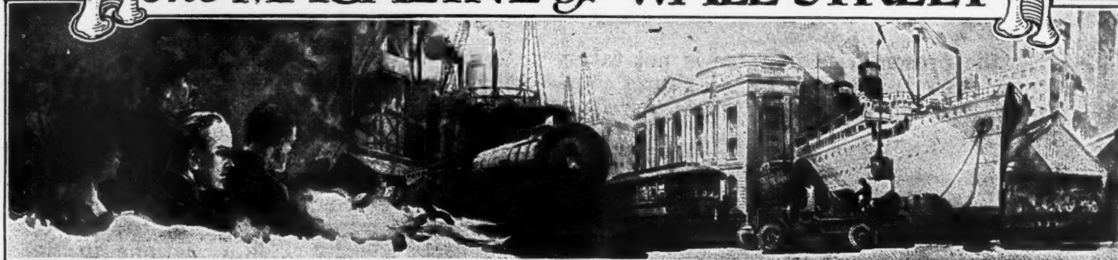
3. European "Cartels"

—the most important commercial and industrial development in Europe since the war. What effect will these new combinations have on American prosperity? A most important article!

These are only several of the more important features in our next issue which for sheer practical value reaches a very high standard in financial journalism.

WATCH FOR THE MAY 5th ISSUE

The MAGAZINE of WALL STREET



C. G. WYCKOFF
PUBLISHER

E. D. KING
MANAGING EDITOR

INVESTMENT & BUSINESS TREND

Stock Exchange Facilities Still Behind—The Trend of Money—Northwest Carriers Improving Position — Stevenson Restriction — The Market Prospect

SWAMPED under a deluge of three and four million share days, the facilities of the New York Stock Exchange for transmitting stock market transactions to the four quarters of the country have proved entirely inadequate. At times during the more active recent sessions, transactions were reported on the tape from twenty to thirty minutes after they occurred on the floor. Obviously this has not only placed the trading community, which at this time pretty nearly includes the entire adult population, at a distinct disadvantage, but threatens a physical breakdown of the delicate Stock Exchange machinery which conceivably, if the daily turnover rose to considerably above four million shares, might bring about something approaching chaos in the stock market.

It would be ungenerous, however, to hint that the Exchange has not made efforts to overcome this situation. A few months ago in anticipation of a situation similar to the present, the authorities decided upon material abbreviation of the ticker symbols which has unquestionably cut down the time required to report transactions. Indeed, without this latest improvement it is probable that it would take from one to two hours additional to print a day's stock transactions. It is reliably reported that the Exchange engineers have been at work for some time on a new method of transmitting quotations which, if perfected, will permit speedy handling of even a five-million share day. Unfortunately, it is claimed that at least a year or possibly two will be required to perfect the new instrument and permit its installation in the nation's brokerage houses. In the meantime, it seems that we shall have a good many three million and possibly a number of four million share days long before the new system of transmission is put into effect. Possibly, the Exchange authorities will find further temporary expedients which may aid for a time, but it seems certain now that growth of the securities markets has already reached a point which makes the present system of reporting quotations seem antiquated.

MONEY MARKET

THE money market exhibits distinct signs of change. Acceptances have been steadily creeping up and time money is now quoted at $4\frac{7}{8}$ per cent, the highest in nearly two years. Call rates are fluctuating but on a materially higher level for this period than in the past two years. The combination of sharply mounting brokers' loans, increase in commercial rediscounts and loss of gold are proving more of a strain than the money market can bear easily at this period. Business in addition to agricultural demands for credit are on the advance as a result of seasonal conditions and probably will prove a factor for the next few weeks. The present situation, however, should not continue for long, particularly if the stock market should reverse its direction.

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That the present rise in rates is not taken too seriously is indicated by the almost complete failure for high-grade bonds to reflect it.

NORTHWEST RAILS

OCCUPYING an enviable earnings position, as compared with many roads in other sections of the country, the railroads of the Northwest continue to report steady progress. Barring unforeseen circumstances, this should be one of the best years in the history of these carriers. Up to quite recently, the shares of most of these companies failed to reflect the improving position of their companies but during the past few weeks, attracted by reports of good earnings, investors have been turning their attention to these issues with the result that their market has broadened considerably. At this writing it would seem that further market progress will be made this year by the Northwest rail stocks. Incidentally they should prove an acceptable substitute for many of the volatile industrial stocks which have advanced out of all relation to value and prospects.

STEVENSON RESTRICTION

ANNOUNCEMENT by Premier Baldwin that the so-called Stevenson restriction of rubber produced in the British Asiatic possessions would be removed by next November precipitated a decline in rubber prices and in tire and rubber stocks. Shortly after this occurrence, directors of the U. S. Rubber Corporation passed the preferred dividend. In the meantime, there is a great deal of conjecture relative to the future of rubber securities. One of the most serious disadvantages the industry has had to contend with in recent years has been the artificiality of the price level for rubber imposed by British control. Prices have been determined to a large extent by the flexibility of the restriction measures which, of course, has made it extremely difficult for rubber companies to forecast the trend of the market with any degree of accuracy.

Furthermore, with the threat of a short supply of the commodity constantly overhanging their heads, these companies have been compelled to buy heavily at times in disadvantageous markets in order to be in a position to adhere to their manufacturing schedules.

In a word, the Stevenson plan regardless of whether it aided British planters or not was certainly not a boon to American manufacturers. By the same token, elimination of the obnoxious measure should eventually tend to create a broader field of supply at satisfactory prices and in a stable market. What rubber companies require, lest they be compelled to show wide variations in the value of their crude rubber inventories and thus give rise to misleading pictures of their earning power, is a stable market. The trend of manufacture of rubber products is constantly on the rise and should continue so indefinitely considering the pronounced growth of the automotive industry and other industries which are enlarging the demand for such products. There is no sound reason why this industry should not be among the most prosperous considering its almost unlimited possibilities. That it has not been on a stable basis in recent years has been almost entirely due to conditions over which the American industry had little effective control. The elimination of this factor in the long run should provide the needed foundation for assured profits.

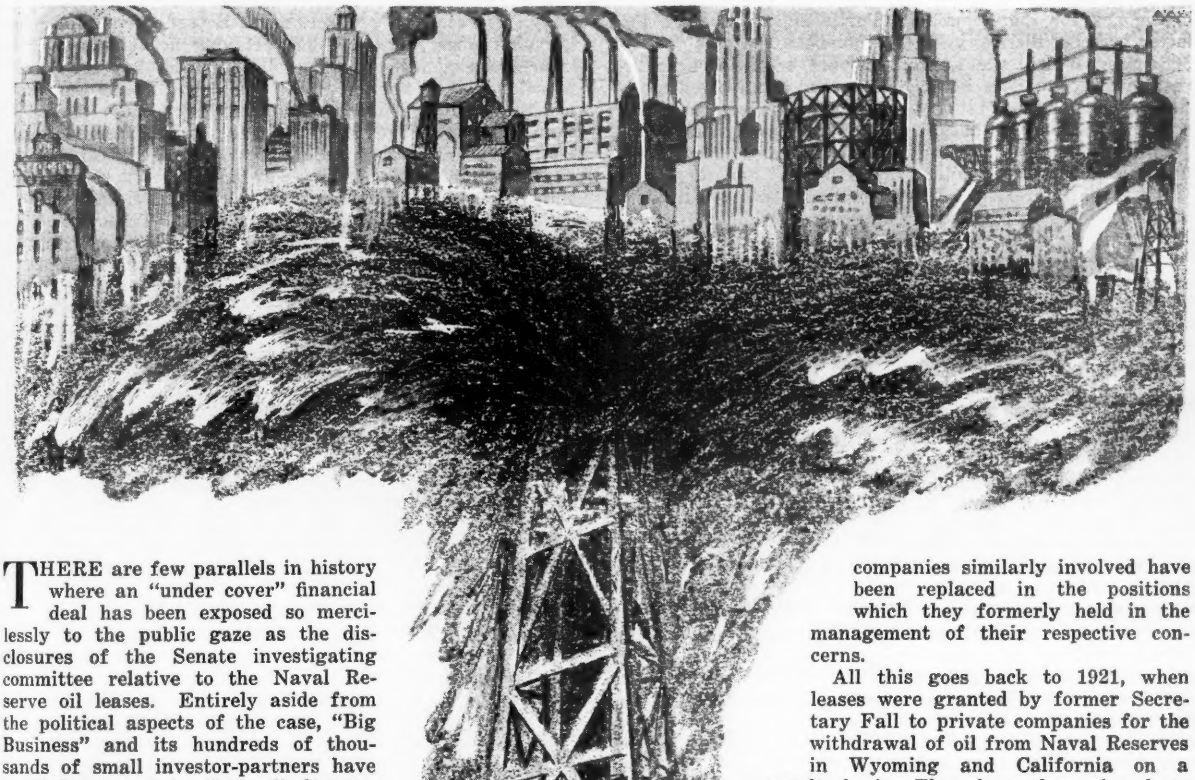
MARKET PROSPECT

THE stupendous speculation in the stock market which commenced in early March continues unabated. All precedents have been shattered both in respect to magnitude of transactions and rapidity of advances. That the public is very heavily involved seems clearly indicated by the nation-wide interest in market proceedings. In no way can it be logically affirmed that the course of the market has any real relation to business. It is still more or less sensitive to money conditions, however, and any pronounced change in the situation is swiftly followed by advance or reaction as the case may be. At present, bank acceptances have advanced to a point which has revived discussion of a further raise in the Federal Reserve rediscount rate. This remains the one overhanging threat over the market. Should the rate be raised, the effect would be severe. Investors and others should not allow themselves to carry more stocks than they can do with safety, for it is logical to believe that if a decline materializes, it will be without previous warning. Considering the large advances throughout the list, the railroads and carefully selected specialty stocks seem to offer the safest opportunities at this time.

Monday, April 16, 1928.

Financial Aspects of The Oil Scandal

By DORSEY LEIGH



THERE are few parallels in history where an "under cover" financial deal has been exposed so mercilessly to the public gaze as the disclosures of the Senate investigating committee relative to the Naval Reserve oil leases. Entirely aside from the political aspects of the case, "Big Business" and its hundreds of thousands of small investor-partners have a vital interest in these disclosures. There is a principle of corporate practice at stake — the responsibilities of management to the stockholders — which probably affects millions of American citizens more directly than the ousting of a few public officials, or the political ballyhoo of the so-called "oil scandal."

Political investigations invariably leave in their wake a ghastly cloud of sensationalism and incrimination. In contrast, Big Business moves with cautious hesitation in demanding its retribution for allegedly irregular practices. There is an important financial aspect of the oil investigations also, in which responsible business men have gone on record with their determination to have an accounting.

At a recent stockholders' meeting of one of the largest oil companies in the United States, a block of over 1.3 million shares representing the Rockefeller interest in the company was withheld from voting for the re-election of the chairman of the board who is known to be involved in the affairs of the Continental Trading Co.—a Canadian corporation which held Liberty bonds traced to former Secretary of Interior Fall. Two other officials of oil companies similarly involved have been replaced in the positions which they formerly held in the management of their respective concerns.

All this goes back to 1921, when leases were granted by former Secretary Fall to private companies for the withdrawal of oil from Naval Reserves in Wyoming and California on a royalty basis. These leases have since been cancelled by court action. The Pan American companies suffered a heavy loss on the California lease, having paid some $13,000,000 in claims for oil withdrawn and receiving no reimbursement for storage facilities erected to hold the Government oil above ground. The Mammoth Oil Company which held the Teapot Dome lease in Wyoming also suffered a heavy loss on its investment on this lease.

Barring the suspicion of questionable official acts on which indictments charging conspiracy to defraud the Government were subsequently brought, it seems quite clear so far that the officers of the two companies which obtained the leases had every intention of serving the best interests of the stockholders which they represented. From the standpoint of the shareholders of these companies, the losses which were suffered are chargeable at the worst to poor judgment on the part of their officials. The results of an ill advised executive decision, however, are seldom brought home quite so emphatically to the shareholder owners of a corporation, but with the infallibility of mere human beings to contend with, it is an accepted fact that the best of managements will sometimes make mistakes.

In the meantime, a good many details of the affairs of the now

famous—or infamous—Continental Trading Company have come to light which shows an entirely different phase of the oil scandals. This corporation had no dealings with the United States Government, beyond the purchase of some three million dollars' worth of Liberty bonds issued by the Treasury Department—a cash transaction concerning which no question of irregularity has ever been raised. The Senate investigating committee consequently has no concern here of conspiracy or fraud, but has dug into the activities of the Continental Trading Company because some of these Liberty bonds mentioned above later found their way into the possession of Secretary Fall and were involved in raising money for the Republican Party campaign fund, the latter a recent discovery by the committee.

Senator Walsh, the leading member of the Senate investigating committee is much concerned about the disposition of some of these Liberty bonds. In his efforts to obtain this information, he has also disclosed many details concerning the method whereby the Continental Trading Company earned its three million dollar profit. Senator Walsh is not much interested in the latter phase of this situation, but the manner in which this Continental Trading Company profit was earned is vitally interesting to investors in this country, because it discloses a practice of diverting funds from the company treasury, into the hands of individuals.

The small investor has a very prominent and able champion in this phase of the oil scandal. Both as a large stockholder in at least one of the oil companies that did business with the Continental and as a life-long advocate of honesty in business, John D. Rockefeller, Jr., has recently announced his intention to use his tremendous influence to have the facts brought to light. Addressing the members of the Senate investigating committee in a recent session, Mr. Rockefeller is quoted as having said:

"I would like to bring all the facts to light because my father and myself are greatly interested in the future of the oil business. This situation is far reaching. It affects certain individuals. But, further, it casts suspicion on the whole oil industry, and still further it casts suspicion on all business . . . . . ."

WHATEVER political significance the recent disclosures of the doings of the Continental Trading Company may possess, its financial ramifications will contain much food for thought so far as the investors of the country are concerned. Here, apparently, is a situation where there were large profits but which, mysteriously, did not go to the companies—or the shareholders—which did business with the Continental Trading but which went to a few responsible officials as individuals. This unblushing piece of effrontery, it may be taken, will not soon be duplicated in other American corporations.

An Unfamiliar Phase

In this Mr. Rockefeller was referring to the transactions between the privately-owned Continental Trading Company and the "publicly-owned" oil companies with which it made certain transactions which would seem to require a good deal more explanation than has been offered to date. As the financial aspect of the oil scandal has been pretty well buried under political sensationalism, this is a phase of the story that perhaps the American people are not so familiar with.

The Continental Trading Company was organized in November, 1921, under the laws of Canada, a number of its officers and directors being clerks in the office of a Canadian lawyer. It has since been shown to have been owned in fact by four prominent executives of as many American oil companies. This company made a contract with Colonel A. E. Humphreys, of the Humphreys Oil Company, now a subsidiary of the Pure Oil Company, for the purchase of some 33 million barrels of oil. This oil was being produced by Colonel Humphreys in West Texas in a rich field recently opened up and not at the time readily available to the markets. The Continental Trading Company agreed to take this production at a flat price of $1.50 a barrel.

In order to provide reasonable assurance of the financial responsibility of this new Canadian concern, its contract was guaranteed jointly by Harry F. Sinclair (Sinclair Consolidated Oil) and Colonel Robert W. Stewart (Standard Oil of Indiana) on behalf of the Sinclair Crude Oil Purchasing Company; and, by James E. O'Neil for the Prairie Oil & Gas Company. Henry M. Blackmer, at that time managing head of the Midwest Refining Company, a Standard of Indiana subsidiary, also figured in the negotiations for this contract and received a fourth share in the profits realized from the agreement.

The Continental Trading Company was not an oil company. It owned no production, leases, refineries, pipe lines nor oil property of any kind. Having no use for such a tremendous quantity of crude oil, it immediately contracted to sell the entire amount to the Prairie Oil & Gas Company and the Sinclair Crude Oil Purchasing Company. Although this oil was bought for $1.50 a barrel from Colonel Humphreys, it was immediately sold to the above named purchasers at $1.75 a barrel, providing a profit to the Continental Trading Company of 25 cents a barrel as deliveries were made from the West Texas oil fields. These deliveries were made, as a matter of fact, up to the summer of 1923, when the contract was transferred to the Prairie and Sinclair companies for a consideration reported to be $400,000.

Even after many years of investigation by Government agents, and after the guarded testimony of those known to be associated with the company, the Continental Trading Company still remains pretty much of a "mystery corporation" in respect to many details of these transactions.

"Split Four Ways?"

There is a good deal of doubt concerning the full extent of its activities as an "oil trading concern" and also as to the exact amount of profits which it realized. Senator Walsh has established the fact, however, that its profits were turned into Liberty bonds to the extent of at least $3,080,000 and it is known that these Liberty bonds were delivered to at least three of the four oil company executives interested in the Continental's activities. Until Colonel Stewart, now chairman of the board of the Standard Oil Company of Indiana, and the fourth man who was originally a party to the deal, chooses to disclose his status as to the receipt of these profits to the Senate investigating committee, it is the general presumption that the profits were split "four ways." In the meantime, he is under arrest for contempt of the Senate for refusing to answer questions put to him by the Senate committee that might clear up this matter.

Disclosure An Accident

By some strange series of circumstances, it was discovered by the Senate investigating committee that part of these Liberty bonds which represented the Continental Trading Corporation's profit later came into the possession of Secretary Fall. The committee is interested only in ascertaining whether or not this transfer had any bearing on the leases on Teapot Dome which Fall turned over to Sinclair's Mammoth Oil Company. Stockholders in these oil companies that did business with the Continental Trading Company, including John D. Rockefeller, Jr., are now inquiring into another phase of this situation. The question of why this three million dollar profit was turned over to oil company executives instead of the companies which they managed for the interests of the shareholders is a

pertinent question. It involves a principle of integrity in corporate management.

Private Deals

Investors are always disturbed, and not without good reason, when rumors arise about "private deals" among the executives who are charged with the responsibilities of operating their companies to the best interests of the shareholders. There is perhaps no precedent in history when any similar "private deal" has been laid open so ruthlessly to the glaring searchlight of publicity. And except for the determined effort of a Senate committee to uncover misdeeds of public officials that may have been distantly related to the activities of this particular group, it is a reasonably good assumption that the inside story of the Continental Trading Corporation would never have come to light.

This concern as a Canadian corporation was pretty well isolated from the prying eyes of any mere amateur investigator. Its dealings in Liberty bonds were handled through the medium of a Canadian bank, which purchased the bonds in the open market and kept no record of the certificate numbers. The contracts between the various oil companies and the Continental Trading Company were never published. Income tax reports failed to disclose any such personal profits as for example the odd sum of around $800,000 in Liberty bonds received by Blackmer and O'Neil respectively covering their share in the profits from less than two years' operations. Both of these gentlemen are now residing in France, immune to further questioning, although their share of the Liberty bonds now lie in the vaults of the companies they were identified with awaiting whatever disposition that the law may call for.

Both men have resigned from the positions held with their respective corporations, Blackmer's resignation as a director of the Midwest Refining Company having been accepted as recently as March 28 of this year, through the influence, it is thought, of John D. Rockefeller, Jr. Colonel Stewart of the Standard Oil Company of Indiana has not as yet told his story, and it is not the way of a responsible business corporation to judge its executive's acts prematurely. It is not thought likely that his resignation would be asked for or accepted until he has had an opportunity of presenting his side of the story in his own way, and in the meantime the huge Rockefeller stock interest in this company is withheld from giving either its voting support or its opposition to the company's chairman.

Harry Sinclair, through his own stock interest and that of his associates, has controlled sufficient corporate votes to assure his dominating position at the head of the Sinclair Consolidated Oil Company—at least this was the situation up to quite recently when rumors were heard in the financial district that this control would be relinquished. In his status, at any rate, maintenance of his direction of his company's affairs has not been at the mercy of strong groups of shareholders who could demand further explanations.

As this is being written, Sinclair's trial is progressing in Washington on a charge brought by the Government of conspiring to defraud the United States with Albert B. Fall, now a very ill man, under separate trial on the same charge. The disposition of Continental Trading Company Liberty bonds may come up in this trial, for it is alleged that it was a part of these bonds that were placed for Fall's account several years ago in a Pueblo, Colorado, bank. Under the circumstances, it would seem likely that Sinclair has a good deal more on his mind, however, than merely accounting to one of his half owned subsidiary companies concerning profits from a "private deal" engineered some five or six years ago.

Change in Sinclair Status

It is of more than passing interest, however, to note that the rumors of some change in management of the Sinclair Consolidated Oil Company were accompanied with a strong buying movement for the shares of the company on the Stock Exchange that carried the stock to the highest price for the past five years. Recalling how Doheny's interest in Pan-American passed into the hands of Standard of Indiana after his difficulties with Naval Reserve leases were settled and also the community of interest between this company and the Sinclair company, it is thought likely that Sinclair Consolidated may be on the verge of joining the Standard of Indiana corporate family.

Another interpretation of the new lease of life which Sinclair shares have taken in the stock market, is the presumption that some investors would be more eager to place their funds in this vehicle with a different management in the saddle. This latter view is an excellent object lesson of the force of public opinion pulling in the direction of open and above-board relations between corporation officials and their shareholders. With all its sensationalism, the Teapot Dome scandal may in this way serve a very constructive purpose in American business life. If investors place themselves prominently on record with an intelligent appraisal of the value of honest and dependable management, it is bound to provide an incentive in this direction for company officials generally. European investors, with many more years' of experience behind them, have come to this point long ago. The prices which foreign investors will pay for investment stocks are just as apt as not to be appraised with one eye to earnings and the other eye to reputable management. Here, where investors have not all reached the post graduate stage, the factor of management is too frequently overlooked. It is an ill wind that blows no good and the unsavory incident of the Teapot Dome should go a long way to impress investors with the true dollar and cents value of the right kind of management for the corporations with which they affiliate themselves.

~ HOUSECLEANING IN THE OIL INDUSTRY ~

The Growth of America's Exchanges

Seats on Nearly All Exchanges Selling at Record Highs —Why Are Exchanges?—A Record of Expansion

By HENRY McCULLOCH

THE events of the past few months have hardened us to the spectacular in finance. On the New York Stock Exchange, scarcely has a new record for volume of trading been made and wondered at when a new day's trading sets a still higher mark. Brokers loans are at a record high, number of different issues traded in has established a new high figure, and doings on the exchange have been transferred from the financial department to the front pages of the newspapers.

Not the least appeal to popular imagination has been made by the steadily mounting prices of exchange memberships. On the New York Stock Exchange seats recently changed hands at $375,000, which could have been bought last year at $170,000, five years ago at $86,000, ten years ago at $45,000. Nor has this phenomenon been confined to the recognized leaders of America's bourses alone. A seat on the New York Produce Exchange recently was sold at $10,000; the highest price ever paid in any previous year was $3,900. In the various commodity exchanges of New York and in the stock exchanges of other cities, memberships in almost all cases are selling at the highest figures in history.

© Underwood & Underwood
New York Stock Exchange

The reason for this development are of deep rather than curious interest. Beginning with the single fact of record high prices for exchange memberships, one can trace back to its causes the tremendous enthusiasm of buying and selling stocks and commodities which has come over the American public today, just as the historian from a few lines in a document reconstructs a whole civilization. Following the same line of analysis forward into the future, we can better determine whether this enthusiasm is a mere passing phase, like the stock buying craze which seized England in the latter half of the seventeenth century, or a normal and logical expression of underlying tendencies which have been working themselves out for generations in this country.

To begin with the actual, a typical full grown stock or commodity exchange of our times is indeed a financial colossus. Usually housed in an imposing building of its own, it is a theatre for financial campaigns, sieges, attacks and victories in which the combats are millions and tens of millions of dollars a day.

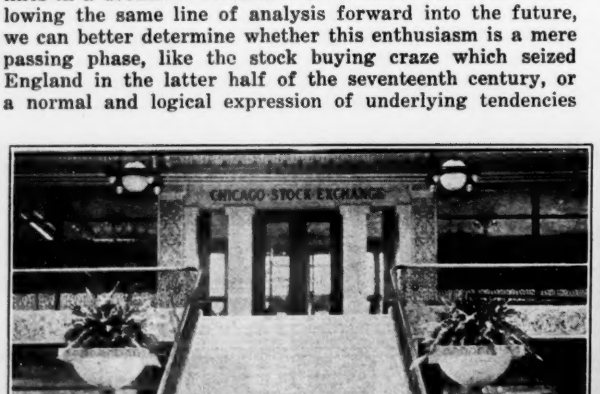
A single typical firm maintains a telegraph system of twenty odd thousand miles of private wire. It has offices in more than eighty cities. It maintains a staff of hundreds of employees. Its business represents an investment of millions of dollars.

And yet, the fundamental business of this house, and of all the other houses which belong to the same exchange, and of all the members of all the other exchanges, is equally well accomplished whenever two men, one a buyer and the other a seller, meet and agree upon a price.

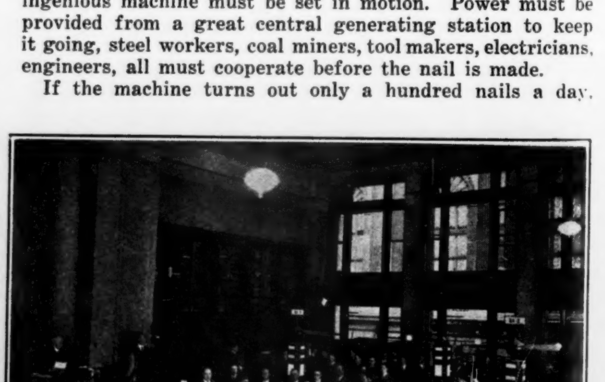
The question then poses itself: what then, is the need for all the tremendous apparatus, the imposing building, the $375,000 memberships, the hundreds of thousands of miles of wire, the thousands of employees?

The answer might be called the parable of the nail. Our forefathers, when they wanted a nail, would heat an odd bit of iron and hammer it into shape themselves. As the community grew larger and more nails were needed, one man, the village blacksmith, specialized in the making of nails and similar objects for the community. A crude furnace, an anvil and a few simple tools sufficed him. Today, before a nail is turned out, a huge, expensive, complex and ingenious machine must be set in motion. Power must be provided from a great central generating station to keep it going, steel workers, coal miners, tool makers, electricians, engineers, all must cooperate before the nail is made.

If the machine turns out only a hundred nails a day,



Entrance to the Chicago Stock Exchange

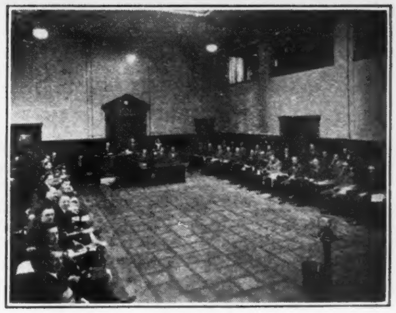


From D. Sargent Bell, Philadelphia
On the Floor of the Philadelphia Stock Exchange

From Grossman-Knowling, Detroit

Detroit Stock Exchange

Montreal Stock Exchange



From Ewing Galloway, N. Y.

San Francisco Stock and Bond Exchange

each nail would be as costly as the hand made spike of pure gold with which the eastern and the western halves of the Union Pacific were united. But if the machine turns out a million nails a day, each nail will be so cheap that no individual blacksmith, no matter how low his pay, could meet its competition.

In a word, the technique which has proven so successful in the handling of production on a large scale, has been applied to the handling of financial transactions on a large scale. In both cases, the volume of business must be sufficiently great to dilute the enormous costs of handling down to a point where it is cheaper to deal on the floor of an exchange than to use the age old processes of haggling and bargaining.

Basic to the growth of the exchanges has, therefore, been the whole growth of America. The little one man business in a one horse town has become a million dollar concern in a metropolis, reaching out for more capital to enable it to fulfill its logical career of expansion, it has taken on corporate form and issued securities, for which the investing public has demanded a ready market, both for buying and selling. Originally, the buying and selling of securities was the concern of a few rich men only in each community. Wealth and savings have multiplied and become more widespread, a single corporation today can boast of a quarter million of stockholders. The aggregate savings of the countless army of small investors has been mobilized into a great fructifying capital force, and the growth of industry and commerce in this country, the increasing population, the rising standard of living, have provided new outlets for capital as fast as it is formed.

To direct the gigantic flow of capital, the great exchanges have been formed or rather have formed themselves by processes as natural and necessary as those which created the Mississippi. Without the rising torrent of capital seeking an outlet, the exchanges would have no meaning and no reason for existence, without the exchanges, the flow of capital would be scattered and wasted.

Under the influence of similar forces, the commodity exchanges have risen to their present proportions. When a typical small New England mill used a few hundred bales of cotton a year, the proprietor might well go down to the wharf to inspect the newly arrived bales of cotton from the South and personally buy his raw material then and there. Under modern conditions, such procedure is impossible. The huge modern textile mill must be able to buy its requirements for months ahead sight unseen and known that the commodity delivered will conform to certain standards of length of thread, color, freedom from impurities, etc.

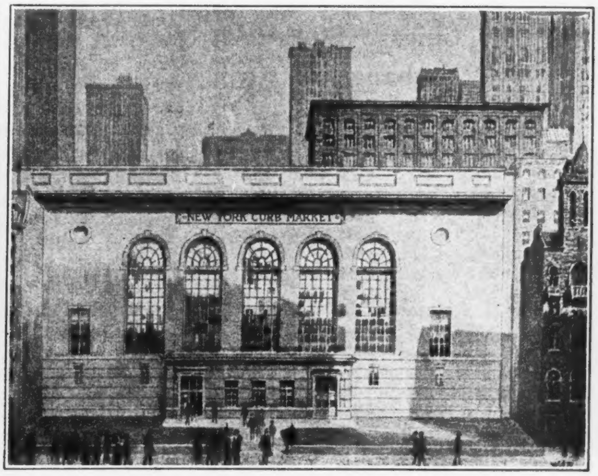
Where the spinner buys, he must also be able to sell. By contracting for his requirements ahead of time and at the same time "hedging," by selling short, at about the same price, he is able to minimize the risk of fluctuating prices, for if his raw material should subsequently decline in price, his profit on his hedging short sale would make up for the loss in the value of his raw material inventory.

Similarly, in New York City, there are organized exchanges for dealing in produce, rubber, coffee and sugar, cocoa and cotton. There is talk of the formation of a raw silk exchange corresponding to the great silk exchanges of Yokohama and Milan. Wherever there is a real national need for an exchange, such an exchange will be formed. A few years ago, efforts were made at various times to organize a real estate exchange and a diamond exchange. In both cases, apparently, it was found too difficult to secure substantial agreement of opinion as to standardized amounts and grades and the projects failed. It is of the essense of an exchange that a contract for a hundred shares of A's stock or a hundred bales of A's cotton can be filled by an equal amount of B's stock or cotton, irrespective of any particular shares of stock or bales of cotton.

In the light of the foregoing, the currently heightened

From Benj. Morse, Boston

Boston Stock Exchange



New York Curb Market

TABLE 1

Growth of the New York Stock Exchange

Membership Prices

Year	High	Low	Year	High	Low
1869......	$7,500	$3,000	1899......	$40,000	$29,500
1870......	4,500	4,000	1900......	47,500	37,500
1871......	4,500	2,750	1901......	80,000	48,500
1872......	6,000	4,300	1902......	81,000	65,000
1873......	7,700	5,000	1903......	82,000	51,000
1874......	5,000	4,250	1904......	81,000	57,000
1875......	6,750	4,250	1905......	85,000	72,000
1876......	5,600	4,000	1906......	95,000	78,000
1877......	5,750	4,500	1907......	88,000	51,000
1878......	9,500	4,000	1908......	80,000	51,000
1879......	16,000	5,100	1909......	94,000	73,000
1880......	26,000	14,000	1910......	94,000	65,000
1881......	30,000	22,000	1911......	73,000	65,000
1882......	32,500	20,000	1912......	74,000	55,000
1883......	30,000	23,000	1913......	53,000	37,000
1884......	27,000	20,000	1914......	55,000	34,000
1885......	34,000	20,000	1915......	74,000	38,000
1886......	33,000	23,000	1916......	76,000	60,000
1887......	30,000	19,000	1917......	77,000	45,000
1888......	24,000	17,000	1918......	60,000	45,000
1889......	23,000	19,000	1919......	110,000	60,000
1890......	22,500	17,000	1920......	115,000	85,000
1891......	24,000	16,000	1921......	100,000	77,500
1892......	22,000	17,000	1922......	100,000	86,000
1893......	20,000	15,250	1923......	100,000	76,000
1894......	21,250	18,000	1924......	101,000	76,000
1895......	20,000	17,000	1925......	150,000	99,000
1896......	20,000	14,000	1926......	175,000	133,000
1897......	22,000	15,500	1927......	305,000	170,000
1898......	29,750	19,000	*1928......	375,000	290,000

* To April 1, 1928.

Volume of Trading

Year	Stocks (Shares)	Bonds (Face value)
1900.....	138,312,266	$578,359,230
1901.....	265,577,354	999,404,920
1902.....	188,291,181	891,305,150
1903.....	160,748,368	684,200,850
1904.....	186,529,384	1,036,810,560
1905.....	263,040,993	1,018,090,420
1906.....	284,016,984	676,392,500
1907.....	195,445,321	527,166,350
1908.....	196,821,875	1,084,454,020
1909.....	214,425,978	1,134,656,200
1910.....	163,882,956	634,091,000
1911.....	126,515,906	889,567,100
1912.....	131,051,116	674,215,000
1913.....	83,283,582	501,155,920
1914.....	47,899,628	468,898,100
1915.....	173,378,655	956,077,700
1916.....	232,842,807	1,161,625,250
1917.....	184,536,371	1,052,346,950
1918.....	143,378,095	2,093,257,500
1919.....	312,875,250	3,771,517,175
1920.....	223,931,349	3,955,036,900
1921.....	171,439,693	3,504,814,845
1922.....	260,753,997	4,098,696,027
1923.....	237,276,927	2,753,506,630
1924.....	282,032,923	3,828,019,845
1925.....	452,211,399	3,398,346,045
1926.....	449,103,253	3,029,684,699
1927.....	576,990,875	3,321,545,600

(As compiled by the N. Y. Times)

Separate Issues Listed

Year	Bonds	Stocks	Totals
1900.........	839	377	1,216
1901.........	827	376	1,203
1902.........	855	379	1,234
1903.........	891	384	1,275
1904.........	903	383	1,286
1905.........	907	374	1,281
1906.........	929	381	1,310
1907.........	937	393	1,330
1908.........	929	389	1,318
1909.........	984	402	1,386
1910.........	1,013	426	1,439
1911.........	1,053	454	1,507
1912.........	1,069	480	1,549
1913.........	1,083	521	1,604
1914.........	1,082	511	1,593
1915.........	1,096	511	1,607
1916.........	1,149	540	1,689
1917.........	1,171	613	1,784
1918.........	1,102	627	1,729
1919.........	1,131	612	1,743
1920.........	1,114	691	1,805
1921.........	1,115	756	1,871
1922.........	1,156	792	1,948
1923.........	1,234	778	2,012
1924.........	1,262	889	2,151
1925.........	1,332	927	2,259
1926.........	1,367	1,043	2,410
1927.........	1,420	1,081	2,501
Jan. 1, 1928.	1,491	1,097	2,588

interest in stock and commodity trading is seen to be the normal and legitimate outcome of the steadily increasing wealth and complexity of American business, as much so as the growth in insurance written, or in savings bank deposits, or total income of the American people.

The rising value of exchange seats expresses merely the rising value of the privilege of acting as part of the channels through which the growing stream of capital funds and working capital pass on the way toward their economic destination. It is true that this growth is not necessarily uniform, or even all along the line, it may come in spurts and dashes, and a sharp progress here may be temporarily offset by a recession there, but the underlying basis of the trend toward increasing volume of trading on our important exchanges and consequently increasing value of memberships is the irresistible growth of America.

We must not, however, make the mistake of thinking that all the significant activity in the exchanges is concentrated in New York City. Going back to our illustration of a manufacturing process, it is true that the bigger a steel works is, the more efficient, but at the same time an organization like the U. S. Steel Corporation does not find that it pays to concentrate all its operations in one super-plant. It has plants in Pittsburgh, in Ohio, in Alabama. Local conditions vary—some types of products can be produced more efficiently at one plant than another, freight rate differentials may be taken advantage of.

Similarly, an industry that has grown up in Chicago, say, or been financed by Chicago capital may continue to find its best capital market in Chicago long after it has become of nation-wide importance. Stocks like Wrigley and Swift are actively traded in in Chicago, where local capital is still most heavily interested, and where there are more people who know and can follow the developments of the companies concerned.

When the national interest in a stock reaches a certain point, trading may be begun in New York, on the Curb or on the Stock Exchange. Many motor

TABLE 2

The Chicago Stock Exchange

High and Low of Memberships, 1913-1928

Year	High	Low
1913	$1,300	$900
1914	1,200	750
1915	1,025	750
1916	2,250	800
1917	2,250	1,550
1918	1,300	800
1919	10,000	1,400
1920	8,250	4,900
1921	5,000	4,000
1922	4,500	3,500
1923	9,000	4,000
1924	6,000	4,250
1925	6,000	4,000
1926	6,000	5,000
1927	10,500	2,500
1928	28,000	22,000

TABLE 3

The Chicago Stock Exchange

Volume of Sales

Year		Shares Stocks	Bonds Par Amount
1890	....	1,097,663	$18,268,600
1891	....	700,000	9,250,000
1892	....	1,175,031	11,198,000
1893	....	1,154,960	6,755,050
1894	....	1,157,701	10,213,500
1895	....	1,386,657	8,382,500
1896	....	1,726,400	3,863,950
1897	....	986,772	6,575,000
1898	....	1,854,142	9,747,600
1899	....	3,477,111	12,253,250
1900	....	1,418,738	8,362,600
1901	....	1,886,038	9,427,800
1902	....	1,367,967	9,046,100
1903	....	1,013,780	3,438,500
1904	....	1,318,126	5,881,700
1905	....	1,544,319	8,567,500
1906	....	1,234,537	5,858,050
1907	....	817,164	4,566,100
1908	....	830,087	15,264,000
1909	....	1,623,495	14,800,000
1910	....	894,362	7,347,000
1911	....	1,049,068	14,752,000
1912	....	1,174,931	13,757,000
1913	....	1,101,417	9,391,000
1914	....	375,274	9,071,000
1915	....	715,557	9,316,100
1916	....	1,610,417	11,932,300
1917	....	1,701,245	8,368,950
1918	....	2,032,392	5,305,000
1919	....	7,308,855	5,672,600
1920	....	7,367,441	4,652,400
1921	....	5,165,972	4,170,450
1922	....	9,145,205	10,028,200
1923	....	13,337,361	19,954,850
1924	....	10,849,173	22,604,900
1925	....	14,102,892	8,748,300
1926	....	10,253,664	7,941,300
1927	....	10,695,750	14,731,950

TABLE 4

Pittsburgh Stock Exchange

Sales

Year	Stocks		Bonds
1913	1,727,323	Shares	$1,709,000
1918	2,901,529	"	1,347,400
1919	5,579,055	"	4,069,800
1920	4,318,449	"	2,986,050
1921	2,630,704	"	1,318,704
1922	2,230,146	"	1,145,150
1923	2,506,032	"	801,350
1924	1,372,711	"	475,000
1925	1,780,138	"	394,500
1926	1,562,769	"	168,000
1927	1,328,640	"	212,000

TABLE 5

Pittsburgh Stock Exchange

Memberships

Year	High	Low
1913	No Sales	(1912—$3,000 H. $2,300 L.)
1918	$2,550	2,250
1919	6,000	2,200
1920	5,750	2,500
1921	3,750	3,500
1922	3,500	3,500
1923	No Sales	
1924	No Sales	
1925	1,900	1,900
1926	2,000	2,000
1927	1,750	1,500

stocks, for instance, have only recently been available for trading purposes in New York, such as Reo and Paige, which have traditionally been associated with Detroit. In the early history of many important copper mines, capital was originally raised in Boston, and Boston is to this day the center of investment interest in many copper stocks. Cleveland, as the nearest large city to Akron, the center of the rubber industry of the United States, long provided an active market for Goodyear Tire and Rubber stock before it was listed on the New York Stock Exchange. Even after New York listings, because of the greater familiarity of local interests with particular companies, movements in their stocks are apt to originate in out-of-town markets and propagated from there to New York.

The New York Stock Exchange, while undoubtedly the leader of all American security markets, is therefore by no means the only one of financial importance. As local enterprises continue to grow and expand into great corporations whose securities have a financial interest for thousands of people, the role of the out-of-town exchanges will continue to be increasingly significant.

The real growth of America has not been in one great city, no matter how rich and powerful, but has been widespread over the whole vast expanse of the country. Financially, local investment houses have risen and grown in strength, local pride and patriotism as well as shrewd common-sense have encouraged investment in local securities, and local financial markets have shared in this gigantic development.

In the case of the New York Stock Exchange, the bare facts themselves are eloquent enough to recite the story of the pageant of American progress. Some of the vital statistics are given in the attached table (No. 1).

Chicago Stock Exchange

Chicago reports analogous progress, as shown by tables 2 and 3 figures of volume of sales and prices of seats. Today, the exchange has 235 members, and deals in 289 stocks and 154 bonds. Among the nationally-known concerns whose stocks find their home in Chicago are Armour, Swift International, Commonwealth Edison, Midwest Utilities and Libby, McNeill and Libby. By the time this is printed, sales of seats may actually have been consummated at $35,000, over three times the highest of any recorded year, as three or four seats have been offered at the price.

In Pittsburgh, over 100 stocks are listed, among them American Window Glass, Pittsburgh Plate Glass, Lone Star Gas and Standard Sanitary Manufacturing. Volume of sales and prices of seats have fallen off since the war, possibly by the attraction of certain securities to other markets but the last sale of a seat at $2,500 was the highest recorded since 1922, and there are prospects of a sale at $3,000.

Philadelphia Stock Exchange

On the Philadelphia Stock Exchange, with 206 memberships and over 240 different stocks listed, in addition to bonds, seats sold in 1913 between $5,000 and $6,000. In the period since the war, the range has been from $1,800 to $11,500, up to the end of 1927. This year, however, the last sale was at $12,000 and the current quota-

(*Please turn to page* 1182)

TABLE 6

Philadelphia Stock Exchange

Number of Shares

1918	1,835,545	shares
1919	3,235,549	"
1920	2,367,317	"
1921	1,579,470	"
1922	2,617,018	"
1923	2,336,345	"
1924	3,527,837	"
1925	6,287,878	"
1926	10,174,589	"
1927	7,959,556	"

Dollar Value of Bonds

1918	$1,439,550
1919	17,143,648
1920	31,330,450
1921	53,096,390
1922	30,444,191
1923	42,996,225
1924	44,418,116
1925	14,310,920
1926	9,087,564
1927	9,401,361

TABLE 7

San Francisco Stock Exchange

(Fiscal year ended September 30.)

Year	Number of Shares	Market Value of Shares of Stock	Bonds (Par Value)
1913	161,427	$7,335,215	$14,821,500
1918	357,433	20,636,838	18,834,600
1919	893,600	63,050,861	34,073,000
1920	1,873,326	61,870,800	61,870,800
1921	1,599,410	35,213,948	70,347,050
1922	2,863,850	59,442,278	67,013,000
1923	5,948,638	83,387,438	38,130,000
1924	6,848,625	102,778,333	38,426,000
1925	9,464,660	215,604,497	28,101,000
1926	9,702,078	411,689,407	15,071,500
1927	11,332,159	422,507,882	6,791,000

Volume of business: (calendar year ended December 31)

1923	6,662,438	$84,487,335	$37,788,000
1924	7,643,537	121,114,672	35,000,000
1925	9,272,678	293,624,724	25,970,500
1926	8,611,169	357,953,348	12,833,000
1927	15,472,472	653,521,805	4,947,000
*1928	6,104,962	451,855,518	631,000

*First three months of 1928 ended March 31.

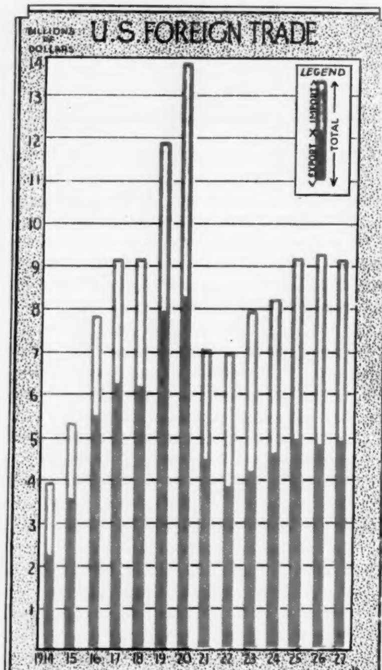
Dollars Loaned Are Goods Sold

Our Foreign Loans Open Up Vast Possibilities for American Industry and Commerce

By JULIUS KLEIN

Director of the Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce

Dr. Klein in his two previous articles showed how the efficiency of domestic distribution and sales might be increased. In this article, he points out the possibilities in foreign trade. It is suggested that all business readers become thoroughly familiar with the point of view expressed in the current article as it undoubtedly offers a clue to the problem of finding a market for our surplus capacity.—EDITOR.



WE are exporting near two billions of capital a year. Most of those billions inevitably take the form of goods. When our bankers extend credit abroad they become in effect export merchants. They create a trade vacuum into which our goods must pour. The moment we became world creditors we also became world merchants. It was no longer a question of whether we should increase our foreign trade, but became one of who should sell abroad and what should be sold.

Who shall get the business? Not: Will there be business? There's a 25,000,000,000-dollar power pulling our goods abroad—pulling them irresistibly. Here's a ready made market for American industry—made by American dollars. Dramatic trade developments impend; riches are in the offing for somebody.

Profits in Exports

This pull of our dollars abroad, comparable to the pull of gravity, is supplemented by other forces. Our manufacturing efficiency and trade expertness were mounting and improving—signs that we were moving toward a struggle —and all at once we are in a swift current, bearing us toward our destination. Already an amazing thing has happened. In the last three decades fabricated goods have risen from 30 to 56% of our exports. What does it mean? Not that the ocean of talk about the need of exports has done it, but that our manufacturers have found that there is good and big money in the export trade and a splendid stabilizer of business.

Here's a concrete illustration: Last year the manufacturer of a widely known popular car—to put it mildly— closed down his great plants while shifting over to a radically new model. Strangely enough, however, business fell off for his competitors, who were benevolently ready to rush in and absorb his normal trade. For once, decreased supplies were followed by slackened demand. All potential buyers were waiting to see what the shrewdly advertised new model was going to be. Saturation of the domestic market arrived in a flood—and it overflowed into exports. In 1926 the foreign market took 7% of our automotive production; in 1927, 11.3%. The increase was $70,000,000. One manufacturer increased his exports 17%.

This extraordinary increase was not wholly due to the compelling pressure at home and the pull of those 25,000,000,000 dollars. Years of patient, far-seeing effort, indifference to immediate profit, had prepared the way. For example, the lure of the unmotorized foreign world had long excited the ambitions of our automobile people, constantly harassed by the ghost of saturation. They had been preparing the ground for a long time. Their scouts had penetrated all countries and behind them had gone an elaborate preparatory exploration. For instance, there was the good-roads expedition to South America, followed two years ago by a visit of a host of Latin America engineers to the United States as guests of the automotive industries. These men saw many of the great plants and received an intensive course, as you might say, in highway construction. And so the automobile industry was ready against the hour of need.

Direct Investments Abroad

Capital export almost always takes the form of goods. We extend credits, orders pour in, goods move out. All this has happened without earmaking our dollars; we have not tied buying to lending, at least not to any extent. Our international borrowers have been freer to buy where they please than the average citizen who incurs a line of credit at a bank. They freely choose to buy from us. We have not made our loans conditional upon patronage—but we get it.

Nor is it only our loaned dollars that come back as buying dollars. Our direct productive investments abroad begin to clamor for American goods. For example, Firestone is planting millions in Liberia; the U. S. Rubber Company has the largest plantations of rubber in the East Indies. We send our money out to produce rubber for import and the tires and the automobiles go back. We build all sorts of factories abroad to get close to the markets, and you would think that would mean decreased exports; but the way it works out is that we can't build factories abroad fast enough to offset the demand they foster for other goods.

Should we have a period of depression at home our exports will expand explosively. Do you remember what happened in the depression of 1907? Now we have vastly greater corporations, incomparably better productive and distributive organization and higher buying power. And there's a whole new economic world abroad.

Remember that the world has been shaken since 1914 by a tremendous cataclysm. There has been a universal new adjustment. All around the globe new desires have been born—born in swarms. Even the impassive East is losing interest in a desireless Nirvana and showing interest in the present world, its desires and their satisfaction. The developed lands start redevelopment; the undeveloped countries are eager for the riches of exploitation.

Tradition Gives Way

And here stands the United States—an inexhaustible reservoir of goods to meet all these impetuous new desires. Think of it—$80,000,000 worth of our machinery to Europe in a single year—*Europe*, a hotbed of industry. Not so

long ago, Europe would not have demeaned itself to the humiliation of buying American machinery. Coals to a better Newcastle. Pshaw! . . . The false pride has gone. We have the goods the world wants, because they are the best; and the world is taking them.

We can scarcely comprehend what a shakeup there has been of the mentality of mankind. The Great War may not have been in fact a holy war to end war, but it certainly was a war to abolish moss-bound tradition and social fixation. Inertia has given way to action the world around. The patient, passive folk everywhere have begun to look for some of heaven while they're on earth. It's no longer "What was good enough for father is good enough for me," but "What was good enough for father certainly is not good enough for me." In short, it's a new world—newer than America when Columbus landed. And with it opportunities that make the loot of Mexico and Peru look like the proverbial thirty cents. On our side we are rushing to meet the new set of demands. In 1921 when the rush was just beginning, the Department of Commerce creaked in trying to answer 700 inquiries a day about foreign trade; now we are in a hot sweat to dispose of 10,000 a day. And they all show an intense interest and an earnest desire to learn about this foreign trade, once contumeliously rejected.

Beyond a doubt the Nation has a vision of a great commercial projection of itself beyond the seas. Myself, I have not the slightest doubt that we are on the eve of one of those opulent expansions of foreign trade that have been such glowing periods in the history of other nations—as when Venice expanded in the Levant and fattened on the trade of the East, the Spanish in new found South America, and when Britain and Holland enriched themselves in the Indies, East and West. These ten thousand inquiries reveal that the rank and file of our industrial and commercial people begin to look beyond the seas.

I have heard it said that not so very long ago 75% of our foreign trade in fabricated goods was in the hands of fifteen concerns, and nobody knew much about them. How many Americans know the epic of the Singer Sewing Machine Company and the romantic business story of a sewing machine in every igloo, tent, and hut and shack of the world's frontiers? Those fifteen companies worked in obscurity so far as our home-staying folk were concerned, but they built a great road for the later foreign traders to travel. No longer, however, is foreign trade the sacred privilege of these veterans or the guarded precinct of the dwellers by the seaboard. The little business folk, the awkward landlubbers from the far interior, "the remote provincials," have got into the game and the cables and mails from the Kalamazoos and the Oshkoshes smell of the lingo of international trade.

Almost as if by magic we have developed a foreign trade personnel of the first rank. Our gentlemen of commerce—and I mean gentlemen—reflect honor on the American name in the farthest lands. Neither Germany nor England nor suave France has so good a type of trade executive abroad as we have. At home our export executives have mastered their jobs with extreme thoroughness. No longer do they intrust key positions abroad to merchants or selling agents of competing nations, only to be sold rather than to sell. Our trade has stripped off its disguises and American goods are sold by Americans. One used to wonder if there wasn't some mistake about the figures of our trade with Mexico. Apparently a big volume of trade but no traders. People used to bewail the fact that the Germans had the hardware trade of our neighbor. Well, German merchants did have the trade but they were selling American goods for the glory of the Fatherland. Now we have Americans on guard; the war did that, as well as a lot else.

Learning About Foreign Trade

The war—always the war—suddenly turned us into superior packers and shippers for export. In former times, the byways and trails of the outlands were littered with the wreckage of flimsily packed American goods. We of this department became chronic scolders about packing;

(*Please turn to page* 1150)

© *Aerofilms, from Ewing Galloway, N. Y.*

A Fine Air View of the Great Harbor at Southampton, England

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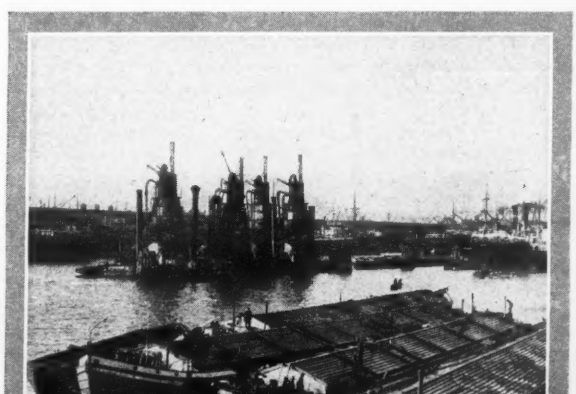
Shipping in the Harbor of Genoa, Italy



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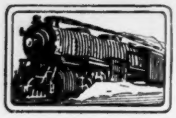
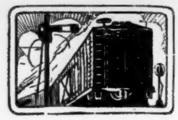
In the Harbor at Hamburg, Germany, Showing Modern Suction Unloaders for Unloading Grain



Railroad Mergers Finally Reach Definite Stage



Billions at Stake in Pending Negotiations—Effect on "Loree" Roads—Allocation of Eastern Carriers

By PIERCE H. FULTON

RAILROAD developments with regard to consolidations have reached an important stage. This article deals with the so-called Loree roads and their future. Investors should take the pains to assimilate the facts presented as they will undoubtedly have a bearing on the future value of the securities involved.

THE outlook for railroad consolidation, ultimately if not in the immediate future, is regarded as being somewhat brighter. Several recent developments have brought about the greatly desired change, at least from the stock market point of view.

President Coolidge was quoted not long ago as saying that he had been assured that the Parker Consolidation Bill would be taken up at this session of Congress, and probably passed. While this statement was largely contrary to the private advices received from Washington by prominent railway executives, who are vitally interested in consolidation, it was assumed, of course, that the President's sources of information were the best possible.

At any rate, what he was quoted as saying encouraged those who have plans before the Interstate Commerce Commission, and favorably affected sentiment with regard to railroad stocks. On April 2 the bill in amended form was reintroduced.

The Parker bill is by far the most important railroad measure now pending in Congress. Under its term genuine consolidation is permitted. By this is meant the taking over of one company by another, the absorption in a corporate way of the company taken over and the wiping out of the latter's corporate existence.

This is precisely what both the Interstate Commerce Commission and the railroads want. Without authority from Congress to make this kind of a merger, neither cares to do anything big toward bringing about large mergers or unifications, to use the more recent and polite term.

Only Makeshifts

Whatever you may call them, the present so-called mergers, based on an exchange of securities and a lease, are not real consolidations. They are not favored by any group, government or corporate, and at best, are regarded only as a makeshift for real consolidation.

Among other important developments recently in connection with railroad consolidation has been the winding up of the protracted hearings that the I. C. C. has held on the proposed merger of the Great Northern, Northern Pacific and Spokane, Portland and Seattle. The Commission has set dates for the filing of briefs by both the applicants and the opponents to the plan. Arguments will follow, but perhaps not until fall. Although a decision by the I. C. C. is not expected until near the close of the year or early next year, the proponents of the plan feel encouraged about the ultimate outcome of the entire undertaking.

The most recent and definite developments with regard to railroad consolidation have been in connection with the proposed Loree system in the southwest and the four company grouping for the railroads in Eastern territory.

In a recent article I outlined the part that L. F. Loree had attempted to play in both of those sections, how he seemingly had failed and was on the road to a comfortable shelf, in the shape of a chairmanship of the proposed new Nickel Plate system, with a high sounding title and an equally attractive salary for the rest of his days, but probably with not much power.

What has happened in recent months and weeks has tended to show that Mr. Loree never will form a three company merger in the southwest nor a fifth system in the East.

If he is to fail completely in both those undertakings—and it looks as though he would—it becomes of special interest and great importance for minority stockholders and investors and speculators generally to know the probable landing place of the properties with which "Loree, the Stormy Petrel of the Railroad World," has been most closely associated.

Market Aspects

In the second place, it should be determined whether the earning power of those properties will be greater or less joined to a large system than when operated separately, as it present. Likewise it should be learned under which arrangement the securities of these companies will have the greater intrinsic and market value, and, furthermore, to what extent the large systems taking over the various properties will be benefited.

To answer these and other highly significant and important questions, particularly regarding the merger situation in the Southwest, and the East, is the purpose of this article, which is intended to supplement in a practical way the one published in this magazine recently under the caption, "Loree, the Stormy Petrel of the Railroad World."

It will be recalled that in May of last year the I. C. C.

disapproved in strong terms, of the application of Mr. Loree and his associates, for the Kansas City Southern to acquire stock control of the Missouri-Kansas-Texas and St. Louis Southwestern. From that time until March 26th of this year, counsel for the three companies were busily engaged with the preparation of a new plan. It was filed with the Commission on March 27th.

Provisions

Briefly, it provides for the M.-K.-T. to acquire stock control of the Kansas City Southern and Cotton Belt, through purchase and exchange of its shares for those of the other two companies. The Kansas City Southern is to be relieved of a large block of preferred and common stock of the Cotton Belt that it has been carrying for several years, at a substantial annual charge.

In the new plan, the M.-K.-T. is to be the holding company. That place was taken by the Kansas City Southern in the original plan. The latter was one of the features to which the Commission objected most strenuously, holding virtually that an attempt was being made to have the "tail wag the dog." Speaking plainly, the Commission held that the financial structure of the Kansas City Southern was not sufficiently strong or elastic, or the property and company sufficiently large to serve as a holding company for the other two roads.

Justification for this criticism may be found in a glance simply at the mileage of the three roads as at present constituted. That of the Kansas City Southern is by far the smallest of them all, only 865 miles against 1,747 for the St. Louis-Southwestern, or Cotton Belt, as it is familiarly known in the railroad world and in Wall Street.

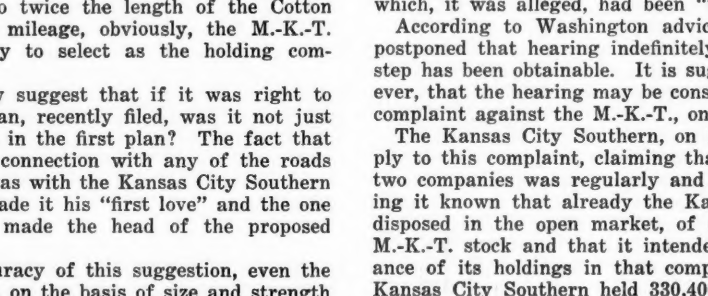
The M.-K.-T., the proposed nucleus for the Loree merger system, in 1927, operated 3,189 miles of line. In other words, it is more than 3½ times as long as the Kansas City Southern and well on to twice the length of the Cotton Belt. On the basis of mileage, obviously, the M.-K.-T. was the logical company to select as the holding company.

Someone may properly suggest that if it was right to do it in the amended plan, recently filed, was it not just as much the thing to do in the first plan? The fact that Mr. Loree's first official connection with any of the roads in this proposed group was with the Kansas City Southern quite easily may have made it his "first love" and the one that he wanted to see made the head of the proposed merger.

Regardless of the accuracy of this suggestion, even the I. C. C. must admit that, on the basis of size and strength the M.-K.-T. was the logical selection. That being so, the dog is now in a fair way to being able to wag its own tail, if the I. C. C. will give it authority to perform that function.

Before subscribing to the generally accepted belief that the new plan, like the original application, will fail of approval by the Commission, it will be only fair to those who have this undertaking in hand, and equally important to the holders of the securities of the three companies, to take a glance at their present position, earning power and the most striking developments in recent years, and likewise the chief features of the proposed merger undertaking.

In the amended application of the Loree group to the Interstate Commerce Commission, several pages are devoted to showing the many ways in which it is claimed the proposed acquisition by the M.-K.-T. of stock control of the Kansas City Southern and Cotton Belt would be "in the public interest." This is the first and chief objective toward which the proponents of every merger plan must aim in their applications to the I. C. C.



The Benefits

The following, briefly, are the principal reasons given: "Shippers will be benefited by securing more direct and speedy access, upon the basis of system-made rates, to new producing and consuming points, and to all industries upon the proposed system.

"The lines of the group will be able, without disrupting the present channels of trade, to compete on more equal terms than the individual lines could hope to do, with the strong systems which have been formed, or which are now being formed in the southwest region.

"The lines of the applicant, the St. Louis Company [Cotton Belt] are complementary and supplementary, and the grouping of these lines into one system will make possible important economies in operation."

Opponents of the plan, particularly minority stockholders in the Cotton Belt, are certain to tell quite a different story at the hearings to be held by the I. C. C. in due time on the new plan. In fact, R. C. Duff, president of the Waco, Beaumont, Trinity & Sabine Railway, already has asked for authority to intervene with respect to the new plan. Other similar applications are likely to be filed before the first hearing actually takes place. While the framers of the new plan apparently have endeavored to overcome some of the features of the old plan, to which the Commission and the short lines most vigorously objected, it seems equally clear that sufficient has not been done to greatly change the situation.

The Interstate Commerce Commission has removed, for a time at least, an obstacle to the new plan that it had set up. Some weeks ago the Commission filed a complaint against the Kansas City Southern, charging violation of the Clayton Act in its acquisition of stock control of the M.-K.-T. and Cotton Belt. April 2nd was set for a hearing, at which the Kansas City Southern was required to show why it should not divest itself of all interest, "both direct and indirect," in the shares of the other two companies, which, it was alleged, had been "unlawfully acquired."

According to Washington advices, the Commission has postponed that hearing indefinitely, but no reason for the step has been obtainable. It is suggested unofficially, however, that the hearing may be consolidated with that of the complaint against the M.-K.-T., on May 1st.

The Kansas City Southern, on March 29th, filed its reply to this complaint, claiming that the stock of the other two companies was regularly and lawfully acquired, making it known that already the Kansas City Southern had disposed in the open market, of about 120,000 shares of M.-K.-T. stock and that it intended to dispose of the balance of its holdings in that company. At that time the Kansas City Southern held 330,400 shares of M.-K.-T., or 25.16%.

Who Would Control?

Already these questions are being asked by those who have followed this situation closely: "If the Kansas City Southern has disposed of this big block of M.-K.-T. stock and proposes to sell the rest, how much of a nucleus will Mr. Loree have for a merger of the three roads in question?" "Will not this suggestion be uppermost in the minds of the Commission when it comes to a careful consideration of the amended merger plan?" "Would it not be logical, therefore, for the Commission to suggest that Mr. Loree and his associates divest themselves altogether of whatever interest one company may have in the shares of the others, and likewise abandon the idea of a merger?" "With all this stock sold, who would really be in control of the M.-K.-T.?" Certainly not any of Mr. Loree's companies.

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(*Please turn to page* 1174)

The Outlook For The Na

By Warren Beecher

NINE of the country's ten leading industries represent an investment of approximately one hundred and forty billion dollars—over 40% of the national wealth. If it were possible to estimate the huge investment in the building and construction industry, this huge total would be increased by several billions additional. In the aggregate, these industries afford employment to nearly one-half the wage earners of the country; while their output, in terms of the value of products or service rendered, totals close to sixty-seven billion dollars annually.

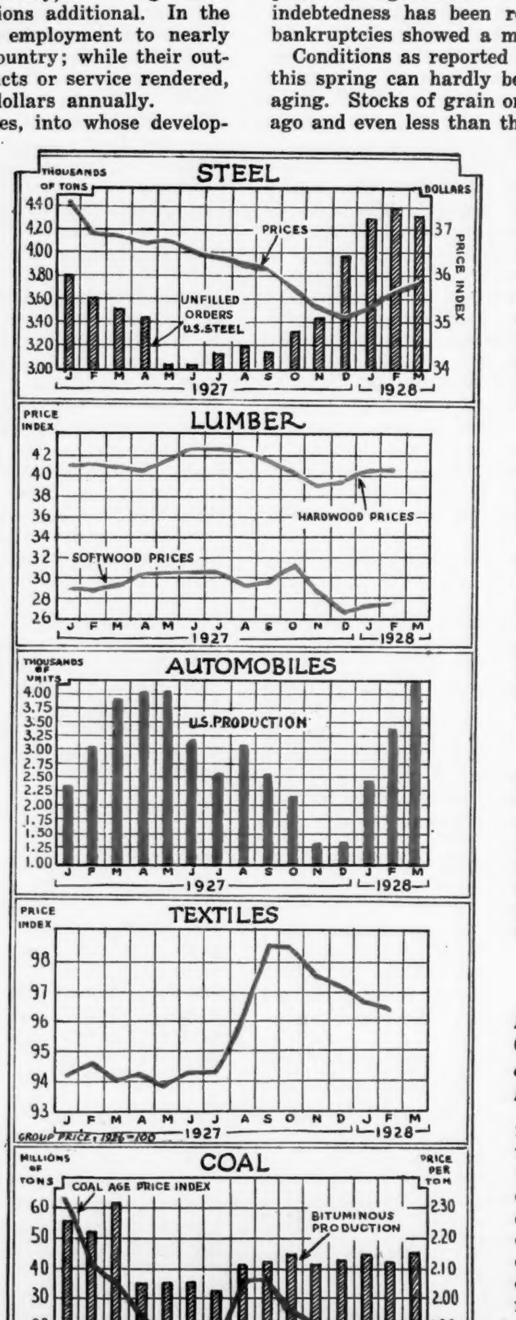
It is natural that these industries, into whose development so much wealth has been poured, should include those lines of endeavor essential to the maintenance of life in the provision of food, shelter and transportation, as well as constituting as a whole the cornerstone of American business. Indeed the influence in other fields of industry of such basic lines as agriculture, automobile production, building and steel is so broad, their ramifications so numerous, that their composite status is necessarily a definite indicator of the condition of trade and industry. And, by the same token, the profit prospects of these ten stanchions of business are in no small measure a projection of that degree of prosperity to be expected throughout the business structure.

For the past month or two we have been in the position of looking for evidence of the broad business expansion which was so widely heralded at the year's opening, and it has been disappointingly slow to materialize. Progress has been apparent in many lines but business as a whole has been characterized by so much irregularity among its various constituents, and presented so many contrasts, as to all but obscure the general trend. It is perhaps then an opportune time to attempt to evaluate the business situation by a brief individual examination of ten of its major components.

Agricultural Outlook Holds Promise

ON almost any basis agriculture remains the greatest industry of the country. Yet since the heyday of farming, during the war and post-war period, it has been far from the most prosperous one. The cash return on farm products has since 1921 failed to keep pace with the level of other commodities and farming in many sections has not enjoyed the profits to which it is rightfully entitled. Last September, however, the trend of farm prices turned more in favor of the grower with the result that the majority of farmers disposed of crops on a more favorable basis than in some time. As a consequence the purchasing power of agricultural sections has been enhanced, farm indebtedness has been reduced and the number of farm bankruptcies showed a marked decline for the year 1927.

Conditions as reported by the Department of Agriculture this spring can hardly be construed as other than encouraging. Stocks of grain on the farms are lower than a year ago and even less than the five year average, reflecting the broad movement of commodities to market under the impetus of favorable prices and the increased number of livestock being farm-fed. Moreover, grain prices continue a firm tendency; cotton values have recovered from the early year slump; and, with the exception of hogs, which are tending toward overproduction, livestock prices, including even horses and mules, represent more profit to the farmer.



This year the farmer has been in a position to purchase more liberally in fertilizer, labor saving machinery and other equipment. These factors, in conjunction with spring planting intentions, suggest the possibility of larger crops than in 1927. Notable increases are apparent in tobacco, corn, durum wheat and garden truck, with a considerable proportion of the gain attributable to the growing tendency toward salutary diversification of crops in the South.

With the carryover in most products from last season relatively small and markets growing in breadth both at home and for export it is felt that a larger aggregate crop yield can be absorbed without impairing the price trend which is working more into the growers' favor.

Railroads Operating at High Efficiency

ALTHOUGH last year was not quite as favorable as the record year of 1926 from the standpoint of earnings, the roads of the country entered 1928 with a record of the highest operating efficiency and most favorable physical condition on record. As a matter of fact, the despatch and efficiency of general freight movement has been no small factor in the prosperity of the country during the past three years; while the operating economies and cooperative spirit with which the roads are working

tion's Ten Biggest Industries

with one another has made possible the generally high earning record which the carriers have been able to achieve.

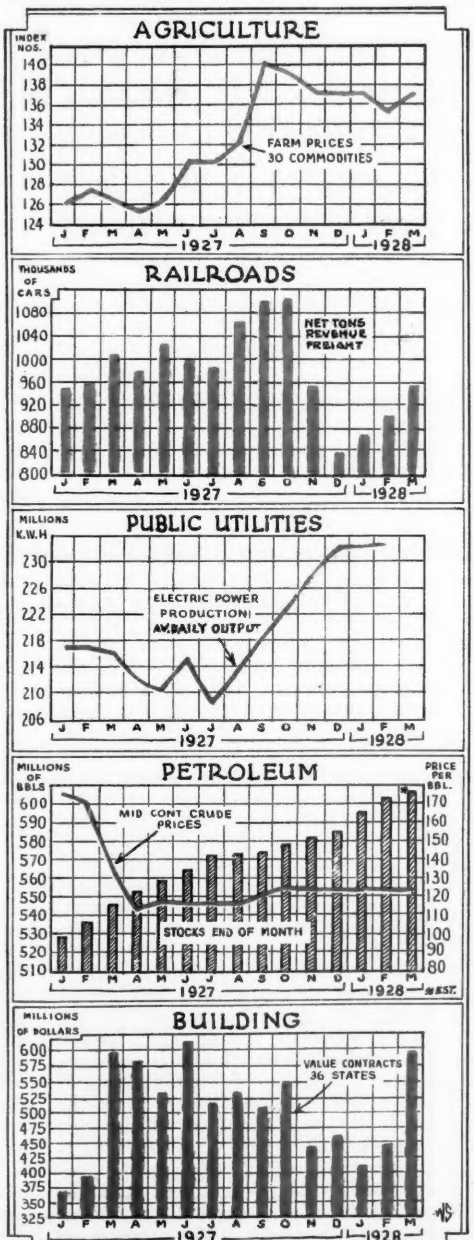
Car loadings of revenue freight which assumed a downward tendency in accord with the slackening trend in business during the later months of last year, have, by the same token, shown a steady, if slow, increase during the quarter just closed. In making comparisons between this year and last, however, it must be borne in mind that a year ago the bituminous coal strike was called, and in the months preceding it coal shipments were of tremendous proportions, as efforts to build up large reserve stocks in anticipation of the tie-up were put forth on every side. This year we have no such influence; on the contrary soft coal markets are admittedly dull and much of the discrepancy between current loadings and those of a year previous are attributable to this fact.

As the spring season advances with its usual acceleration in trade and industry, it goes without saying that distributive movements must assume larger dimensions and second quarter prospects are expected to show improvement over the three months just past.

Utilities Continue Steady Progress

THE public utility industry is less subject to the vicissitudes of changing business conditions than almost any other of the country's major activities. Only the extremes in prosperity or depression make any serious alteration in the fortunes of electric, gas, traction and communication companies. There are, however, two phases of the utility business which are barometric insofar as trade and industrial conditions are concerned. These are their rate of expansion and the amount of gas and electric power sold for industrial purposes. Since the rate of growth is largely predicated on the ability to secure new capital at favorable rates, the extension of their facilities may be taken as some indication of the abundance or paucity of credit as well as their confidence in the longer range business outlook for those sections of the country into which they are projecting their service. On this basis it is hardly necessary to call attention to the rise of the utility industry to a position of the third place among the industries of the country with an invested capital estimated to be in the neighborhood of 21 billion dollars; and still the rapid growth goes on.

The second factor, of power sold to industry, is an encouraging indicator of the degree of manufacturing activity. Its rising trend is not only a reflection of the growing adoption of gas fuel and electric power by an increasing number of industrial lines, but the fact that the output for the first two months of this year exceeds the corresponding period of 1927 is a measure of an advancing rate of manufacture and is a favorable factor in the general business prospect.



Automotive Industries Dependent on Large Production

FOR several years past much has been said and written concerning saturated markets, with particular reference to the automobile industry. But saturation points, falling into a category with other nebulous measurements, seem to be continually giving way before the march of actual conditions. With 23 million vehicles registered in the United States at the beginning of this year, the automobile industry has succeeded in stepping up sales over last year for each of the first three months.

This record means much to business as a whole. An industry which employs directly and indirectly upwards of three million people and absorbs 14% of the country's steel output, 80% of its gasoline, 84% of rubber imported and 12% of copper produced cannot help but form an important pillar in the business structure. The record, however, means even more to the automobile companies. This year more than ever, their profit position is predicated on large volume. Competition is of the keenest type in practically all price classes and the price reductions, which it has brought about, have so far reduced unit profit margins as to make large volume imperative. So far sales have been of such size as to maintain most companies in a favorable position, although the larger organizations seem to have the advantage over the smaller manufacturers.

With the best of the season still before it, the industry seems well on the way to another year of record proportions, although it is unlikely that earnings in all cases will be as liberal in relationship to sales volume as might be hoped.

Textiles Showing Irregular Recovery From Long Depression

THE textile industry bears some resemblance to the entire business situation in that one of its salient characteristics is the unevenness among its various divisions. While woolens are re-

(*Please turn to page* 1188)

BONDS

In view of the expanding public interest in the bond market we have enlarged this department to meet the needs of all types of investors.

A New Vital Influence on Security Markets

Probable Pronounced Effect of N. Y. State Law

By G. F. MITCHELL

THE recent passage of two measures by the New York State Legislature permitting savings banks and life insurance companies to expand the scope of their investments is one of the most important investment developments in years. The broad effects of these measures are ably set forth in this article.

TWO measures just enacted by the New York Legislature are destined to exert a vital influence upon the long term market situation of certain classes of investment securities. These are in effect a liberalization of the restrictions governing investment of funds by savings banks and life insurance companies in the state.

New laws in regard to savings bank deposits were more or less expected, having been pending for a number of years, but the passage of the bill changing the requirements as to life insurance funds at this time came as somewhat of a surprise, although none the less welcome on that account. The principal beneficiaries are high grade public utility bonds and high grade preferred stocks, certain types of which, conforming to the specifications provided, will now be available for savings banks and life insurance companies respectively, thus materially broadening the demand for the class of securities affected.

Growth of Institutional Funds

The opening up of new investment reservoirs for institutional purposes will likewise have the virtue of relieving, to some extent at least, the pressure of demand for the limited number of issues formerly eligible; and of rendering less pronounced the somewhat artificial levels created by their favored position, although the beneficial effect upon newly admitted securities should be far greater than any adverse effect on issues formerly exclusively legal, for the latter can now be diverted into other channels where they have heretofore been avoided because of their excessively low yield, even if the volume of purchasing by savings banks and life insurance companies should be permanently reduced as a result of the present legislation. In view of the rate at which funds for investment by such institutions are increasing, it may well be that, except for a brief period, there will be no noticeable change in their ability to absorb their full quota of old legal bonds.

Need for Wider Field of Investment

Reference is made in this connection principally to high grade railroad bonds, which heretofore have represented the bulk of savings bank investments and a considerable part of insurance company investments. The inordinate demand thus created has brought this class of bonds to a point where the yield is little in excess of 4%, a situation where it was becoming increasingly difficult for savings banks to maintain the customary minimum rate of 4% to depositors. The need for a wider field of selection was becoming more and more urgent, and New York was one of the last states to give tangible recognition thereto. The growth in savings bank deposits, entirely apart from demand from insurance and other sources, is out of proportion to the normal increase in supply of railroad bonds of the required standard, a fact which served to aggravate a situation essentially unsound. Inclusion of certain types of public utility issues, which, from the point of view of stability and intrinsic soundness, have come to measure up to a high standard, will increase the average yield without detracting from the quality of investment holdings, and at the same time relieve the pressure on old line railroad investments.

The amended banking law likewise liberalizes the legal railroad list, including various terminal, tunnel, equipment, collateral trust obligations, and additional mortgage bonds, as well as extending the number of municipal issues eligible. All data herewith pertaining to savings bank investments applies equally well to investments for trust funds, which in New York State are regulated in the same manner.

The effect on the security markets induced by these amendments are thus amplified to that extent. In advance of the formal list to be issued at a later date, the State Banking Department has recently published a tentative list of all new bonds, except municipals, now legal for investment by savings banks and trust funds. The most interesting phase of the matter is to be found in the admission of certain public utility obligations, and the names of those utility companies, some of whose bonds are now accepted, are set forth in the accompanying list. Although not complete and perhaps subject to some changes when the formal list is published, it is sufficiently accurate to illustrate the general scope of this much needed innovation.

New Investment Field for Life Insurance Companies

New legislation affecting life insurance investments, in addition to providing a broader field for the disposition of new money running annually into the billions, is of particular significance in that under certain conditions it permits investment in preferred and guaranteed stocks. In conjunction with the steady appreciation in value of high grade bonds, there has been an unmistakable tendency for preferred stocks of leading corporations, particularly in the case of non-callable issues where safety of dividends is beyond question, to attain levels higher than ever before. Although less attractive than in previous years, they are still

for the most part selling on a yield basis within striking distance of 5%, and considerably more in the numerous instances where the upward movement which would otherwise occur is artificially checked by redemption provision. On the average, then, it is possible to obtain a materially higher return on this type of investment than on funded obligations.

Investments in preferred and guaranteed stocks on the part of life insurance companies in New York State are restricted to issues of corporations which, in each of the five years preceding purchase, have earned a balance applicable to dividends of at least 4% on the entire amount of stock outstanding. Par value is taken as the basis. In the case of shares without par value, issue value is used.

Speculation is precluded by the provision that no more than 10% of the outstanding stock of any one corporation may be held, and that only 2% of the assets of a life insurance company can be placed in any one such investment. There is little need, however, for enacting laws compelling diversification, for life insurance companies are committed to a policy of spreading their investments as far as possible among securities diversified in respect to individual corporations, industries and geographical location. The important thing is that the new law, by opening up a wider field of selection, facilitates attainment of the proper degree of diversification, and permits a more adequate return on the aggregate holdings. The latter in turn will have a tendency to lower life insurance costs through increasing the return to policy holders in mutual companies in the form of larger dividends. Inasmuch as most of the larger companies have adopted the mutual form of organization, the effect in the aggregate should be quite noticeable.

Effect on Security Markets

The changes instituted should have a marked influence on the security markets. It is in reality of national rather than simply local significance, as the life insurance companies of New York State write approximately 80% of the total business in the United States. New securities now admitted, in addition to preferred stocks, include for the first time corporation debenture bonds or notes without mortgage security subject to the same conditions laid down in the case of stocks, that is, that the corporation in each of the five preceding years shall have earned at least 4% upon all its outstanding stock.

As a consequence, a decided impetus will be given to the demand for secondary seasoned securities, issues whose standing is based on the earning power and credit of the issuing corporation alone, rather than on specific liens. It will tend to lessen the spread now existing between the yield on senior and on junior securities of companies in the same general category, and, in the same way that legalization of certain public utility bonds for savings bank purposes alleviates the abnormal demand for gilt-edge railroad obligations, the admission of sound debentures and preferred stocks as investments for life insurance companies, brings about a more normal demand for mortgage securities in general, and should at least retard the rate at which the yield on the best type of mortgage bonds has been declining.

There has developed in recent years a far greater investment interest in stocks as against bonds, induced by the plethora of funds awaiting investment, the increasingly unattractive return on bonds, and the greater familiarity on the part of the public with securities based on junior equities. The effect upon stock prices has been very noticeable, and, other things being equal, the upward tendency should be even more in evidence as a result of removing the artificial barriers to the acquisition of preferred stocks by life insurance companies.

The time is hardly ripe for legalizing the highest grade of common stocks, although this, on a limited scale, may be a future possibility. What effect, if any, the new order of things will have on common stocks indirectly is difficult to forecast. It is not unlikely, however, that the absorption of public utility bonds by savings banks and of debenture bonds and preferred stocks by life insurance companies may reduce the supply to such an extent as to stimulate the acquisition of the soundest common stocks for purely investment purposes on the part of individuals or institutions not governed by legal restrictions, in the same manner in which securities now legal, but until recently not so, were previously stimulated through inability to obtain on anything like an attractive basis issues which were then alone eligible for savings banks and life insurance companies. In other words, the old process may be carried a step further.

A Healthier Situation

The basis of appraising the effect on (*Please turn to page* 1169)

Public Utility Companies Whose Bonds are Now Legal for Investment in New York

The State Banking Department has tentatively listed some of the bonds of the following Public Utility Companies as legal for investment by Savings Banks and Trust Companies in New York State. Public Utiiity bonds heretofore had not been eligible.

GAS AND ELECTRIC COMPANIES

Alabama Power
Blackstone Valley Gas & Electric
Bridgeport Gas Light
Brooklyn Edison
Buffalo General Electric
Central Maine Power
Cleveland Elec. Illuminating
Connecticut Power
Consolidated Gas, E. L. & P. of Baltimore
Consumers Power
Detroit Edison
Duquesne Light
Erie County Electric
Harrisburg Light & Power
Indiana & Michigan Electric
Kansas City Power & Light
Kings County Lighting
Los Angeles Gas & Electric
Metropolitan Edison
Milwaukee Gas Light
Nebraska Power
New Jersey Power & Light
New York Edison
New York & Queens Elec. Lt. & Power
Niagara Falls Power
Northern Indiana Public Service
Pacific Gas & Electric
Pacific Power & Light
Peoples Gas Light & Coke
Philadelphia Electric
Phila. Suburban Counties Gas & Elec.
Providence Gas
Public Service Electric & Gas
Public Service of New Hampshire
Queens Borough Gas & Electric
Rochester Gas & Electric
San Diego Cons. Gas & Electric
Southern California Edison
Standard Gas Light of New York
Syracuse Lighting
Toledo Edison
Twin State Gas & Electric
Union Electric Light & Power (Mo.)
United Illuminating (Conn.)
Utica Gas & Electric
West Penn Power
Western New York Utilities
Wheeling Electric
Wisconsin Gas & Electric
Worcester Gas Light

TELEPHONE COMPANIES

Bell Telephone of Pennsylvania
Illinois Bell Telephone
New England Tel. & Tel.
New York Telephone
Pacific Tel. & Tel.
Southern Bell Tel. & Tel.
Southwestern Bell Telephone

Hudson Coal 1st 5s

An Attractive Issue

Low Price of Bonds Due to Unsettlement in Anthracite Industry—Better Prospects Ahead?

By VICTOR HUNT

THIS is one of a series of special bond analyses prepared for the benefit of our readers. We are making a feature of these analyses, selecting bonds which are selling relatively at bargain prices.

IT is only within recent months that there has been any occasion for consideration of Hudson Coal Company as a separate entity. Until last year none of its securities were publicly owned, and its affairs were so interwoven with those of the parent organization, the Delaware & Hudson Company, that it was necessary to appraise it only in so far as it contributed to the earnings and assets of that railroad. The same situation formerly existed in the case of all the major anthracite coal companies, but one by one the respective controlling roads were compelled by court order to effect a complete segregation. No segregation of Hudson Coal has as yet occurred, although this is believed to be the ultimate objective, through voluntary rather than governmental action. Delaware & Hudson still owns the entire capital stock, but about a year ago transferred the physical ownership of all its anthracite interests to its principal coal subsidiary, Hudson Coal, which thereupon issued 35 millions in 5% first mortgage bonds as payment, the transaction representing a definite step in the direction of what will probably eventually be a complete segregation.

Worthy of Consideration

The bonds, instead of being held in the treasury of Delaware & Hudson, were publicly sold at a price of 98½, from which point in the meantime they have suffered a sharp reaction to below 90, where the yield to maturity is approximately 5.7%. In the absence of any fundamental weakness in the position of the company, they are accordingly worthy of consideration as an investment opportunity, especially at a time like the present when it is becoming increasingly difficult to obtain so high a return on a well secured bond.

The weakness in the bonds is the result of a marked decline in output and earnings in 1927, a condition not confined to the company alone but generally prevalent throughout the anthracite coal industry. The situation arose out of the impetus to consumption of substitute fuels incident to the protracted strike of 1925-1926, in conjunction with the falling off in demand occasioned by mild winter weather in two successive years.

At the same time the price of fuel oil has been such as to encourage its use in place of anthracite. In spite of the fact that the labor situation is for the time being stabilized through a wage agreement extending several years, the industry has yet to recover its normal markets, and the margin of operating profit does not permit price reductions of a nature to stimulate demand. The large producers are endeavoring to overcome these handicaps through a cooperatively financed campaign designed to advertise the superior qualities of anthracite coal, but it is a development still too recent to determine what degree of success it will accomplish. The immediate outlook for material improvement cannot be regarded as unduly favorable, but, on the other hand, it is a question of the limits to which a basic industry can become depressed, and the situation appears to have reached a point where any change that does occur should be for the better.

Interest Earned

The important thing to consider in this connection from the bondholder's standpoint is the fact that in the face of a substantial decline in operating income as a result of these conditions, Hudson Coal was able last year to show its interest requirements earned with a margin to spare. Total income, including non-operating income, amounted to 2.156 millions as against interest charges which, if applied to the entire year instead of part of the year, as was actually the case, would aggregate 1.75 million. The usual deduction for depletion was omitted, but this, on the basis of the average for past years, would make a difference of only about $200,000. Ordinary renewals, replacements, and expenditures incident to modernization of plants are charged directly to operating expenses. Retention of an ample proportion of the earnings of former years has resulted in a degree of financial strength which should be a safeguard against any default in interest for a long period even though earnings should fall short of such requirements, a state of affairs which has yet to exist in spite of recent operations far below normal.

Consideration of earning power does not take into account the protection afforded by tangible assets. The bonds are secured by first mortgage on 21,129 acres of coal-bearing lands located in five counties in the state of Pennsylvania, conservatively estimated to contain more than 540 million gross tons of unmined merchantable anthracite. It is also provided that future dividends can be paid only out of earnings subsequent to April 1, 1927, so that surplus earnings of past years remain as an additional equity behind the funded debt. A recent balance sheet is not available, but at the time the bonds were issued about a year ago, fixed assets were carried on the books at a valuation of 58.9 millions and net working capital amounted to more than 17 millions, of which 4 millions was cash.

The bonds are redeemable at a price of 105 until 1957, and thereafter on a graduated scale downward for the remaining five years until maturity. Provision is made for a sinking fund of five cents per gross ton of anthracite coal mined, but sufficient at least to retire 1% of the aggregate principal amount of bonds issued under the mortgage. Sinking fund requirements are cumulative and are designed to retire the greater part of the issue by maturity, through annual redemption or purchase of the requisite amount at a price below the redemption figure.

Although the item is not segregated on the Delaware & Hudson income statement and no definite statement on the matter has as yet appeared, the presumption is that for the first time in many years Hudson Coal last year omitted its customary contribution to the parent company in the form of

dividends on its stock, all of which is owned by Delaware & Hudson. Such payments in recent years have averaged about 1.2 million. The new restriction in the bond indenture as to payment of dividends out of current income only would have in any event prevented a disbursement of more than a fraction of the usual amount, and it is far better, of course, from the bondholder's standpoint that dividends should be withheld until such time as earnings assume more normal aspects.

Information Incomplete

Curtailment of coal output is doubly disadvantageous to Delaware & Hudson, entailing not only a sharp reduction in non-railroad income, but also a decline in revenues derived from the transportation of coal, which represents a substantial part of the road's activities. A restoration of normal conditions, therefore, is very much to the interests of this railroad as well as the other anthracite roads, and while the situation is to a large extent beyond their control, it is certain that any concerted movement designed to correct the present state of affairs will receive their active cooperation. Delaware & Hudson assumes no liability for Hudson Coal bonds, but there is in a sense a moral responsibility, and its own credit is of such a high order that it may be assumed that it would do everything in its power to perpetuate a sound investment rating for the issue.

Hudson Coal has long been an important factor in appraising the true worth of Delaware & Hudson, in the light of the coal property values that might be revealed upon a distribution of the subsidiary stock to the parent company shareholders. Until issue of the bonds last year, the affairs of the coal company were largely enshrouded in mystery, and even now, when financial statements are required by the New York Stock Exchange, the information disclosed is not too illuminating in character. Sufficient is revealed, however, to confirm preconceived ideas as to the great intrinsic value and potential earning power of the properties, even if somewhat obscured at this time by adverse conditions prevailing in the anthracite industry. The security of the bonds is the only criterion by which it is necessary to judge the company at present, and little uneasiness on this score would appear to be warranted except in the improbable event that anthracite coal will cease to be a vital factor in the fuel supply of the nation.

It is logical, then, to consider the Hudson Coal 5s from the broader aspect, the great natural resources owned by the company, and its important position in a basic industry. *Confidence in the fundamental soundness of the industry justifies taking advantage of the present substantial recession in market valuation, before rather than after the situation is definitely on the way to recovery.*

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Government

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	104½	5.3	5.2
Dominican 5½s, 1942 ....(a)	....	...	101G	100	5.5	5.5
Haiti 6s, 1952 ....(b)	....	...	100	101	5.9	5.9
Argentine 6s, 1959 ....(a)	....	...	100	100½	6.0	6.0
Chile 6s, 1960 ....(a)	....	...	100	96¾	6.2	6.2

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955..	267.4	4.75	110	93	4.3	4.4
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	98	4.6	4.5
Illinois Central 4¾s, 1966....(a)	....	2.25	102½GT	102	4.7	4.7
Pennsylvania 5s, 1964	....	2.78	105T	105	4.7	4.7
Southern Railway Dev. & Gen. 6s, 1956.	133.8	1.90	....	120	5.0	4.7
Great Northern Gen. A 7s, 1936....(b)	139.8	2.64	....	115	6.1	4.8
Central Pacific Guar. 5s, 1960....(a)	....	2.58	105GT	104	4.8	4.8
Missouri Pacific 1st & Ref. 5s, 1977..(a)	125.2	1.32	105A	102	4.9	4.9
Central of Georgia Ref. 5½s, 1959....	31.1	1.80	105AG	108	5.1	5.0
Chesapeake Corp. 5s, 1947	....	2.45	100	100	5.0	5.0
Western Pacific 1st 5s, 1946....(b)	....	2.29	100	100	5.0	5.0
Cuba R. R. 1st 5s, 1952....	....	3.07	....	99½	5.1	5.1
N. Y., Chic. & St. Louis Ref. 5½s, 1974 ....(a)	59.6	2.49	107½	107½	5.1	5.1
Minn., St. Paul & S. S. M. 1st 4s, 1938.	....	1.17	....	91	4.4	5.1
Chic. & W. Indiana 1st Ref. 5½s, 1962.	49.9	X	105	105½	5.2	5.1
Northern Pacific Ref. & Impr. 6s, 2047 ....(a)	166.7	2.32	110G	116	5.2	5.2
Wabash Ref. & Gen. 5½s, 1975....(a)	62.4	2.02	105AG	107	5.2	5.2
Carolina, Clichfield & Ohio 1st & Cons. 6s, 1952 ....(b)	13.9	X	107½T	109	5.5	5.3
Baltimore & Ohio Ref. & Gen. 6s, 1995 ....(a)	284.2	1.56	107½AG	111	5.4	5.4
Vicksburg, Shreveport & Pac. Ref. 6s, 1973 ....(d)	2.0	X	107½AT	106	5.6	5.6

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	34.6	1.95	105T	104	4.8	4.7
Utah Power & Light 1st 5s, 1944....	....	1.86	105	103	4.9	4.8
Hudson & Manhattan 1st Ref. 5s, 1957 ....(b)	5.9	2.11	105	102½	4.9	4.8
Consol. Gas of N. Y. Deb. 5½s, 1945.(a)	....	4.09	106T	107	5.1	4.9
Montana Power Deb. 5s, 1962....(a)	34.7	2.62	105T	103	4.9	4.9
Columbia Gas & Elec. Deb. 5s, 1952....	....	6.96	105T	101⅛	4.9	4.9
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.69	....	100	5.0	5.0
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	2.41	107½T	108⅛	5.5	5.1
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	1.76	105	96	5.2	5.5
Amer. Water Works & Elec. Deb. 6s, 1975 ....(5)	12.7	1.33	110	109	5.5	5.5
Consol. Gas, E. L. & P. of Balt. 1st Ref. 6s, 1949 ....(a) (c)	32.2	2.69	107½T	106¾	5.6	5.5
Phila. Rap. Tran. 6s, 1962....(c)	10.0	1.21	105	105	5.7	5.7
Twin City Rap. Transit 1st & Ref. 5½s, 1952 ....(b) (d)	4.4	2.30	105T	96¼	5.7	5.7

Industrials

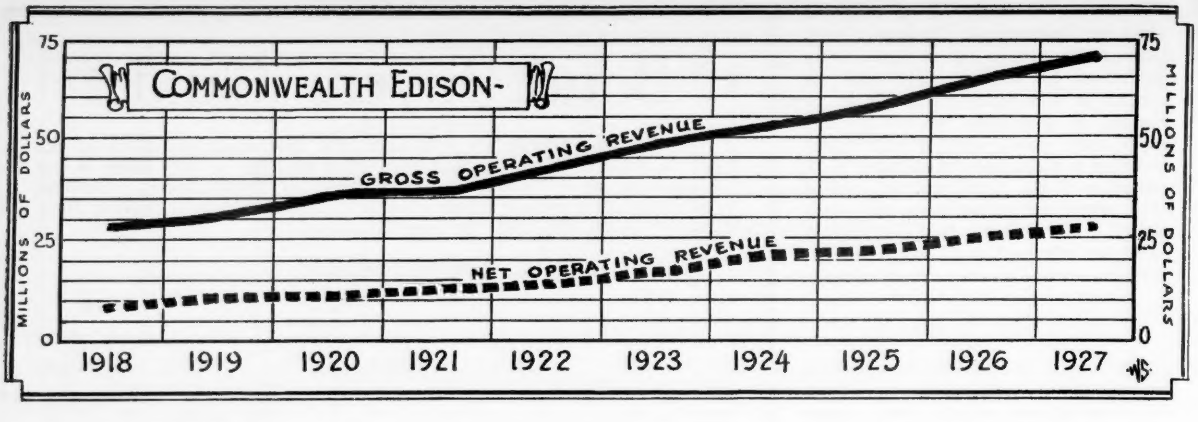
	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Allis Chalmers Deb. 5s, 1937....(a)	....	4.80	103T	101½	4.9	4.8
Youngstown Sheet & Tube 1st 5s, 1978 ....(a)	....	4.12	105T	101	4.9	4.9
Gulf Oil Deb. 5s, 1947 ....(c)	....	15.39	104AT	101¾	4.9	4.9
International Match Deb. 5s, 1947...(a)	....	6.16	103T	100¾	5.0	5.0
Amer. Chain 6s, 1933 ....(a)	....	6.87	105	104½	5.7	5.0
Sinclair Pipe Line 5s, 1942....(a)	....	4.27	103	98	5.1	5.2
Chile Copper Deb. 5s, 1947....(a)	....	6.26	102T	97	5.2	5.2
Amer. Cyanamid Deb. 5s, 1942....	....	4.10	100	97	5.2	5.3
U. S. Rubber 1st & Ref. 5s, 1947....(b)	2.6	2.60	105A	93	5.4	5.6
Bethlehem Steel Cons. 6s, 1948....	101.3	2.33	105	105	5.7	5.6
Loew's Inc. 6s, 1941 (ex warrants)..(a)	....	6.70	105T	101½	5.9	5.8
Schulco B 6½s, 1946 ....(a)	4.0	X	103T	103	6.3	6.2

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Standard Milling 1st 5s, Nov. 1, 1930...	....	4.75	....	101	4.9	4.5
Georgia, Carolina & Nor. 1st 5s, July 1, 1929	....	1.28	....	100¼	5.0	4.7
Sloss-Sheffield P. M. 6s, Aug. 1, 1929...	1.6	6.79	105	101⅝	5.9	4.8
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931....(a)	17.3	2.49	102	103	5.8	4.9
Central of Georgia Sec. 6s, June 1, 1929	31.0	1.80	101AT	101¼	5.9	5.1

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.



Commonwealth Edison Co.

A Noteworthy Public Utility Investment

One of the Country's Strongest Utilities

By WALTER G. HORNER

COMMONWEALTH EDISON CO. has long been a tower of strength among the major public utility operating companies in the United States. Its field of operations is centered in Chicago where it conducts the central station electric light and power business practically without competition. It is a case where absence of diversification in respect to either territory or type of service rendered, instead of being a drawback, has been a blessing, for it has permitted exclusive concentration on the development of a single line of endeavor, and the advantages usually associated with diversification are more than offset by rapid expansion in the need for an indispensable service, freedom from competition, and the fact that electricity, the single article which the company has to sell, is the most profitable of all public utility functions.

It is a situation likewise conducive to the benefit of consumers, for the greater the prosperity of the company the lower are the rates for service. Profits, instead of being employed to increase dividends, are passed on to the customer in the form of voluntary rate reductions, the latest one as of April 1 last, applicable to residential business, effecting a saving of approximately 1.3 millions to consumers. Such reductions contribute towards expansion supplementary to that occasioned by growth in population. Concentration of its efforts in one general direction places the company in a most favorable position to anticipate the probable degree of expansion in its particular field and to lay its plans accordingly.

Commonwealth Edison is today the largest producer in the world of electricity generated by steam. It operates eight generating stations and its customers now number in excess of 900,000 out of a population of about 3 million in the territory served. Energy is transmitted over a network of thousands of miles of wires and cables which interconnect the various stations and sub-stations, the interconnection permitting of production as far as possible at the more efficient units. This policy has been instrumental in effecting substantial economies in consumption of fuel. Coal consumption last year, for the first time in the history of the company, averaged less than two pounds per kilowatt-hour of energy generated. In actual amount there was a decrease of nearly 75,000 tons in the face of an output of electricity 8.5% greater than in 1926. Considering this gain in output, the net saving in coal was close to 300,000 cons. Further fuel economies may be brought about by a more extensive use of pulverized coal. Heretofore the use of Illinois coal in pulverized form has not been practicable, but additional experiments along those lines made last year proved sufficiently successful to warrant the belief that the process can be employed in future generating stations. A considerable part of the coal supply is obtained from bituminous properties in Illinois controlled by the company itself, thus providing some immunity from the irregularities in the coal industry, besides facilitating fuel deliveries. A second factor promoting prompt deliveries is the ownership of 100 miles of main-line railroad connecting with some of the leading trunk lines entering Chicago. These acquisitions are in line with the policy of rendering operations on as self-contained a basis as possible.

Interconnection is by no means confined to the company's own plants. There is a general tie-in with the generating stations of Public Service Company of Northern Illinois and Northern Indiana Public Service Company, also under Insull management, the terms of a contract calling for the pooling of the capacities of the three companies against their combined maximum load. and the interchange of electrical energy according to conditions prevailing at any one time. In this way a vast superpower system has been created and its scope is being expanded year by year. The advantages of superpower are too well known to require extended comment. It not only produces an elasticity of energy reserve impossible otherwise, but is of inestimable value in emergencies, should one or more generating plants be temporarily out of commission. Through its operation the consumer is assured of steady and adequate service, and at the lowest price feasible, for interconnection permits concentration of energy production to a greater extent through the more efficient generating plants.

Stability a Feature

Operations of Commonwealth Edison have shown remarkable stability over a long period. The company in its present

form was organized in 1907, although the constituent parts, consolidated at that time, extend back much further. The dividend payable next month will mark the 154th consecutive quarterly dividend disbursed by the company and its predecessors. Stability is exemplified in respect not only to earnings but to personnel as well. At the close of last year there were 231 employes with a service record of a quarter of a century or more, and a substantially larger number have been with the organization at least ten years. The five vice-presidents have an average length of service of about thirty-three years. The company engages actively in employe welfare work through mediums such as group insurance, savings and building loan associations, recreational facilities, etc., and in turn exacts high standards from its employes in their personal contacts with customers. Stability of earnings and stability of employment, of course, are mutually beneficial, the one tending to strengthen that quality in the other, so that as time goes on the process becomes cumulative.

The trend of income in recent years is well brought out by a comparison of 1927 gross operating revenues, amounting to 71.6 millions, with the corresponding figure for 1921 of 37.1 millions. As against this, electrical output in the same period just about doubled, increasing from 1.9 billion to nearly 3.8 billion kilowatt hours. The smaller ratio of dollar gain may be attributed to rate reductions put into effect in the meantime. Net operating revenues and net income have risen more rapidly, the former gaining 125% and the latter 160%, a result of the decline in operating ratio from 65.7% to less than 60%. Share earnings, while showing an upward trend from about $10 to $12.59 last year, are held down to a comfortable margin only above dividend requirements, being retarded in comparison with dollar revenues, of course, by the constant increases in capitalization necessitated by expansion. The fact that they have recorded a gain while aggregate bonds and capital stock more than doubled, illustrates the manner in which expenditure of funds has brought proportionately greater returns. Sales of electricity are increasing not only as a whole but per capita as well, indicating that the development of new business is by no means predicated entirely upon growth in population, new and expanding uses of current playing an important part in the affairs of the company.

Sound Capital Structure

Although varying at different times, an approximately even balance between funded debt and capital stock has been maintained for many years past. Giving effect to a new offering of shares at the very close of last year, there is now a preponderance of stock over bonds, about 125 millions of the one as against 120 millions of the other. These stock offerings, so common in the case of established operating public utility enterprises, have the advantage of providing requisite funds without entailing any increase in compulsory charges, and, in addition, are of great value to stockholders through the right to subscribe at par value, a figure habitually far below the current market, thus being in effect an indirect means of increasing a somewhat moderate yield on the basis of the regular cash dividend disbursement. Subscription rights of this character, while not quite an annual occurrence, have been granted in each of the last four years, and may be regarded as a permanent means of financing.

Commonwealth Edison had the distinction of being the first large public utility company since the war to float a new long term bond issue bearing a coupon as low as 4½%. This occurred early in 1926. Financing of this character by various companies has been so prevalent during the past year that it is somewhat difficult to realize that it has developed only in the comparatively recent past. That the company was able to blaze the trail in this respect is illustrative of the high credit enjoyed even before the present degree of recognition was accorded to public utilities as a whole. This is likewise reflected in the market for the common capital stock, which is listed on the Chicago Stock Exchange and also traded in on the New York Curb. At no time since 1922 have the shares sold under 125, although during the early part of the intervening period stocks of other major utility operating companies, paying the same rate of dividends, were quoted much nearer par. At current levels around 180, Commonwealth Edison stock no longer holds any market advantage over the majority of utility issues of the same type, and, in the case of stocks of companies serving Greater New York, its relative market valuation has been materially exceeded. The factor of potential mergers, however, enters into the New York situation to a greater extent than in Chicago.

On the basis of its statistical position, Commonwealth Edison is as reasonably priced as any in the group, and is more attractive to the investment purchaser than issues stimulated by external factors. The bonds, for the most part returning a yield of less than 4½%, represent public utility investments of the highest type, but the low return precludes any great appeal for the requirements of the average individual.

Commonwealth Edison

	1921	1922	1923	1924	1925	1926	1927
Output (Billion K.W.H.)	1.9	2.2	2.6	2.8	3.1	3.5	3.8
Maximum Load (Thousand K.W.)	526	600	635	697	792	867	916
Fixed Capital (Millions)	$118.3	$130.0	$154.3	$181.9	$195.3	$219.1	$242.4
Working Capital (Millions)	$1.9	$0.6	$6.1	$8.6	$10.8	$13.7	$13.4
Net Income (Millions)	$5.4	$6.3	$7.6	$9.1	$10.8	$12.5	$14.0

RAILROADS

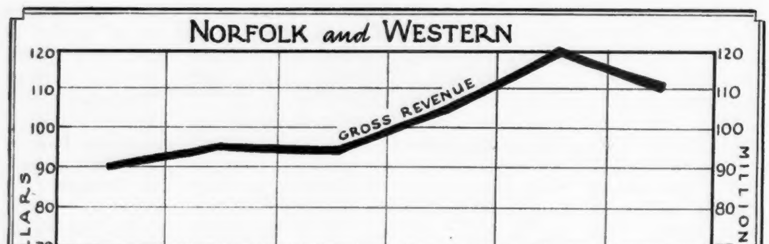
Norfolk & Western Rwy. Co.

Steadily Growing Equities and Earning Power Make Stock Attractive

By MAX HALPERN

THE Norfolk & Western Railway Company has reached a stage not yet attained by most railroads in the United States. It is one of the few transportation systems that has financed the greater part of its capital requirements in recent years without recourse to the issue of new securities.

It is true that its bituminous coal traffic has been intensively developed, but many factors account for its growing importance as a carrier of soft coal. Its lines are strategically located, enabling it to reach important markets with great facility. A large amount of this traffic originates in West Virginia which has assumed the leadership in the production of soft coal. The tonnage mined in the latter state has increased from 80.5 to 151 million tons annually, during the years 1922-1926, a gain of 88%. Low production costs, relative freedom from labor difficulties and the high quality of the coal produced in some of its fields, accounts for its present position. The coal mined in the Pocahontas district, which the lines of Norfolk & Western serve extensively, is low in volatile matter, which gives it the added advantage of being able to compete with anthracite. It is true that with a return of more normal conditions in other coal districts, some decline in production in the West Virginia fields may be witnessed. However, in view of the natural advantages already possessed any contraction in output should be of temporary duration in character.



Growth of Road

The present company had its inception in 1896, when it succeeded the predecessor Norfolk & Western Railroad Company. Additional lines were acquired from time to time, including the Cincinnati, Portsmouth & Virginia Railroad and the Winston-Salem Southbound Railroad, which it owns jointly with the Atlantic Coast Line Railroad. In 1901, Norfolk & Western was gathered into a community of interests, control of the property having been acquired by the Pennsylvania Railroad. In 1906, the latter reduced its holdings of Norfolk & Western through the sale of the shares to the bankers of the road. No important change in the management took place however at the time. In recent years, the Pennsylvania Railroad has re-acquired large holdings and at present, continues to be the dominant interest in the affairs of Norfolk & Western, exercising working control of the property.

The main line extends westward from Norfolk across the state of Virginia and passes through such cities as Petersburg, Lynchburg and Roanoke. It then assumes a northwesterly direction across West Virginia, emerges at Kenova and continues to Portsmouth, Ohio. By means of a network of branch lines it serves the coal fields in the Pocahontas, Clinch Valley, Tug River, Thacker and Kenova districts. From Portsmouth, the main line diverges, one branch continuing to Columbus, Ohio, where it terminates and the other reaching to Cincinnati.

At both of the last named cities, there is a considerable interchange of traffic with the Pennsylvania Railroad. The connection at the Columbus gateway is very important, since the coal movement towards Toledo and other Lake Ports is greatly facilitated. From Cincinnati, considerable coal tonnage moves towards Chicago and other midwestern markets. Barring a small amount of mileage, the main line is completely double-tracked. A section of thirty miles in extent between Bluefields and Vivian, West Virginia, is completely electrified, and in the past few years some additional branch mileage serving the coal districts has also been electrified. Another line running northward from Winston-Salem, North Carolina, intersects the main line at Roanoke and continues in a northeast-

erly direction to Hagerstown, Maryland. This line is also of considerable importance, as soft coal for eastern markets is carried over it. Another line connects Lynchburg with Durham, North Carolina. At the close of 1926, 2,241 miles were operated.

High Operating Efficiency

Norfolk & Western ranks very high from the standpoint of operating efficiency which may in a large measure be ascribed to certain physical characteristics of the main line. Profiles of the latter show that the greatest elevations are located in and contiguous to the coal regions. They reach an average height well in excess of 2,000 feet above the sea level, attaining their maximum of approximately 2,650 feet near Bluefields, West Virginia. The greatest proportion of the tonnage carried originates in the coal districts. Both east and west bound loaded traffic therefore moves against comparatively easy grades. The greatest density on the main line occurs somewhere between the coal regions and Columbus, Ohio, but grades on this section are relatively low, probably not exceeding .7 of 1% or about 37 feet per mile. East and west bound traffic from both extremities of the main line are mostly composed of empty cars. The foregoing advantages have undoubtedly had a considerable influence on the steady increase of coal tonnage moving in both directions. Of further importance is the fact that Norfolk & Western enters the latter city over its own lines, whereas, its competitor, the Chesapeake & Ohio Railroad must float its cars into that port.

Over 80% of the tonnage transported by Norfolk & Western originates on its own lines. Products of mines constitute the most important group carried and in 1927 amounted to 83.5%. The largest individual commodity, bituminous coal, comprised 77.3% of the total volume of revenue freight hauled in 1927. This item increased from 28.1 million tons in 1922 to 42.6 million tons in 1927, an increase of 51.5%. The record figures of 1926 were not equalled, due to reduced exports of coal on account of the settlement of the strike in England. Manufactures, the second largest group, amounted to 8% in 1927, followed by products of forests and products of agriculture, which totaled 4.13% and 2.27% respectively. Less carload lots totaled 1.6% and products of animals .36%. The total tonnage of revenue freight increased from 37.3 to 54.8 million tons during the years 1922-1927, a gain of 46.8%.

Examination of the income account reflects increasing operating efficiency, as well as a steady increase in gross revenues. The latter, barring the record figures of 1926, have been rising steadily since 1922. In that year, $90,352,887 was reported, as against $110,948,200 in 1927. Inasmuch as passenger revenues have declined from $9,191,620 to $6,893,708 during the period, the increase in net railway operating income is undoubtedly due to freight receipts. It appears, however, that the greatest factor in the growing earning power of Norfolk & Western is due to the ability of the management to keep operating expenses well in hand. Although ton-mileage increased, average rates received for the latter declined more rapidly than for most railroads in the United States. Since approximately 77% of the tonnage carried is soft coal, which is low grade freight and commands less than one cent per ton mile, the showing is all the more remarkable. The operating ratio declined from 75.32 in 1922 to 62.8 in 1927. Due to the decreased tonnage carried last year, the figures of 1926, 59.15%, were not approached. Transportation expense, which is the real index of operating efficiency, has also declined without interruption, excepting 1926. This item which was 32.27% in 1922 decreased to 26.3% last year and compares favorably with the results of 1926 when 25.15% was reported.

Increase in Net Earnings

The foregoing results have found reflection in the retention of a substantial portion of the increase in gross revenues for net operating income. The latter increased $15,420,261 as against a total increase in gross of $20,595,313 since 1922. Almost 75% of the increase was carried to net income, which more than doubled during the period rising from $14,554,988 to $29,731,603 in 1927. Fixed charges reflected a slight increase being $5,127,621 last year as against $5,008,088 at the beginning of the period. A slight decrease in transportation expense, from $29,106,712 to $28,988,768, notwithstanding the fact that the number of tons of revenue freight moved one mile almost doubled, further attests to the ability of the management. This favorable showing was not accomplished at the expense of maintenance, for the movement of heavier trainloads, at more rapid rates of speed would not have been possible. Expenditures on maintenance of equipment were also ample as may be judged by the fact that only 8.6% of Norfolk & Western's locomotives were unserviceable at the close of 1923, as against permissible standards of 15% and but 1.4% of its freight cars were awaiting repairs as against a standard allowance of 5%.

No discussion of the operating progress would be complete without presenting some data indicating the latter. As may be observed by the accompanying table, improvement is to be noted in practically every direction and in such important items as, trainload, speed per train-hour, and reduced fuel consumption. Daily car-mileage has

(*Please turn to page* 1166)

Norfolk & Western

Item	1927	1922	Change	Per Cent
Train load—ton	1,561	1,166	395	33.5
Speed—miles per train-hour	13.2	10.8	2.5	23.1
Gross ton miles per freight train-hour	38,310	22,969	15,341	66.9
Cars per train	60.3	46.0	14.3	31.1
Net tons per loaded car	44.5	42.9	1.6	3.48
Car miles per car day	43.5	31.1	12.4	39.9
Train-hours	776,434	915,416	138,982*	15.1*
Fuel consumption lbs. consumed per 1,000 gross ton miles	136	184	48*	26.1*

* Decrease.

Revenue Statistics

Year	Gross Revenues	Operating Expense	Operating Ratio	Net Railway Operating Income	Fixed Charges	Net Income	Per Share Common
1922	$90,352,887	$68,052,803	75.32%	$18,590,689	$5,008,088	$14,554,988	$10.67
1923	95,591,682	72,598,870	75.95	20,008,866	4,622,612	18,788,496	13.85
1924	94,580,674	69,875,108	73.88	22,463,369	5,064,021	18,243,348	12.85
1925	105,218,990	67,934,815	64.57	31,510,952	5,366,856	26,564,846	18.68
1926	120,409,038	71,226,914	59.15	40,922,150	5,224,779	36,867,506	25.76
1927	110,948,200	69,696,125	62.8	34,010,950	5,127,621	29,731,603	21.20

Companies With Large Cash or Security Holdings

IN an important sense, our leading corporations have become bankers. That it to say, as a result of funds piled up over a period of years and unneeded in current business operations, loans secured by stock market collateral are being made by these corporations on a very large scale. In fact, it is believed by competent observers that without such aid, it would have been impossible to finance the huge market transactions of the past year or two without seriously straining regular banking sources.

Most of our large and wealthy corporations have pursued comparatively conservative dividend policies over a number of years. Many of them have adhered to the stand of paying out in cash to stockholders no more than one-half to two-thirds of net earnings. In many cases, the ratio has been much smaller. Part of the surplus has been utilized for improving plant or other facilities, in advertising, in sales promotion, or other expansion, the balance being allowed to accumulate until by this time there are large sums available, either in cash or securities or both. In some cases, working capital (largely composed of cash or the equivalent) would be sufficient to retire the entire bond or preferred stock issue of the company.

In recent years, corporations conservatively managed have preferred to retain a large part of their cash holdings and have followed the plan of splitting their shares or paying stock dividends. This has had the advantage from the investor's viewpoint of offering him additional income and, from the company's viewpoint, of maintaining financial strength. One of the most potent reasons, indeed, behind the advance in the stocks of this type of corporation has been the steady upbuilding of financial resources.

The success of these corporations and its reflection in the market position of their common shares is the best illustration of what may be expected from an investment in a soundly managed corporation which has placed itself in a strong financial position. Such cash and security holdings constitute a formidable backlog in the event of a business set-back and represent real insurance for the investor as well as the company. In fact, the factor of financial stability essentially is quite more important than the temporary earnings status of a company. This is especially true after a long period of prosperity such as we have enjoyed. It may be taken for granted that in the event of a slowing-up of business, companies of the type under discussion would be able to continue their dividends for a long period even if earnings were small.

Though scores of companies which have followed such policies might be cited, we have in the accompanying table listed twenty of the most prominent. The figures given speak for themselves. Incidentally, for investors seeking investment opportunities we have starred those companies whose stocks at this time seem particularly desirable. This is not to say, however, that those not starred are unattractive. In fact, practically all the securities listed are in the investment class though some of them may seem to be rather high at the moment.

Twenty Interesting Stocks

Stocks marked with an asterisk are considered in a specially favorable position at this time

Name of Company	Capitalization: Bonds (Millions)	Capitalization: Preferred Stock (Shares)	Capitalization: Common Stock (Shares)	Net Working Capital (Millions)	Cash and Securities (Millions)	Approximate Equivalent—Cash and Securities per share common	Earnings per Share Common 1926	Earnings per Share Common 1927	Current Dividend rate (Dollars)	Current Price Common Stock
Allied Chemical & Dye.	.....	392,849	2,178,109	$136.5	$102.0	$46.	$9.78	$10.02	$6.00	$166
American Locomotive..	$0.43	385,000	770,000	48.4	37.1	48.	7.44	4.80	8.00	108
*Am. Smelt. & Refining.	47.59	500,000	609,980	75.5	35.4	58.	23.38	19.64	8.00	189
Am. Sugar Refining...	30.00	450,000	450,000	56.4	20.4	45.	7.08	1.49	...	72
*Bethlehem Steel.......	204.17	970,000	1,800,000	122.3	47.8	26.	7.48	5.02	...	69
*Borden Company......	0.06	......	693,414	24.7	20.9	30.	10.86	10.32	6.00	169
Chrysler Corporation...	1.17	215,475	2,712,080	42.4	32.6	12.	5.07	6.55	3.00	71⅞
*Corn Products Refining	2.38	250,000	2,530,000	50.9	40.8	16.	3.88	3.50	3.00 (4)	81
DuPont de Nemours...	1.67	805,643	2,661,658	61.6	32.6 (1)	12.	13.98	15.45	10.00	390
*Fleishmann Company.	......	12,220	4,500,000	23.4	25.0	5.50	4.08	4.30	3.00	76
General Motors.......	.....	1,349,160	17,400,000	272.9	208.2	12.	21.80 (2)	12.99	5.00	199
*Goodyear Tire & Rubber	78.26	807,566	830,249	95.7	24.0 (3)	29.	3.78	9.02	...	53⅞
International Harvester	.....	692,855	1,059,492	183.6	42.1	40.	18.12	17.52	6.00 plus 2% in stock	251
*Liggett & Meyers Tob.	28.55	225,141	2,614,238	114.9	19.8	7.	6.75	6.56	5.00 (4)	116
Nash Motors.........	.....	......	2,730,000	48.3	42.3	11.8	8.50	8.30	5.50 (4)	88⅝
National Biscuit Co....	.....	248,045	2,046,520	28.7	22.1	10.75	6.32	7.10	6.00	173½
Sears, Roebuck & Co...	.....	......	4,200,000	80.2	40.2	9.50	5.21	5.95	2.50	103⅞
United Cigar Stores...	.....	198,200	5,061,677	37.3	19.3	3.80	3.81	1.41	.80 plus 5% in stock	30½
*U. S. Steel...........	500.08	3,602,811	7,116,235	525.8	276.8	38.80	17.99	8.80	7.00	150
Woolworth, F. W.....	3.55	......	3,900,000	49.7	20.4 (3)	5.25	10.85	9.06	5.00	187½

(1) Does not include investment in General Motors. (2) On average number of shares. (3) Cash only. (4) Partly extra.

Eight Stocks With Hidden Assets

THIS set of analyses presents a new picture of some well known companies in addition to bringing out interesting facts about companies which are not so prominent. Each company mentioned possesses assets whose value is generally not appreciated by the public. While brief in form, each analysis represents painstaking research and they are commended to the attention of our readers.

1—Anaconda Copper Mining Co.

ANACONDA stands in much the same relation to the copper industry as does the U. S. Steel Corporation to the steel business. As a result of the expansion policy of comparatively recent years, the company has developed from a more or less simple copper mining and smelting enterprise, whose operations were localized in the Butte District, to a complex non-ferrous metals producing and fabricating enterprise having ramifications extending to Europe and South America.

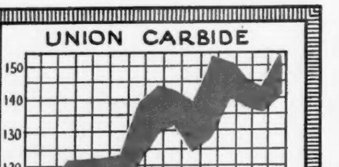
Acquisition of the American Brass Co. in 1922 marked the first radical departure from purely producing and refining activities. Inasmuch as production from the Butte properties was inadequate for the raw material demands of the Great Falls and American Brass mills, Anaconda soon absorbed the Chile Copper Co. thus adding a controlling stock interest in this low cost South American property to previously existing stock ownership in such well known producers as Inspiration and Greene Cananea.

Extension of Anaconda's activities in the zinc mining industry was materially furthered with its participation in refinancing of the von Giesche properties in Poland and Germany during 1926. Should the company exercise its option on this largest non-ferrous mining enterprise in Europe, as seems quite probable, it will control approximately one-sixth of the world's zinc output.

In addition to the comprehensive interests represented by all these holdings, Anaconda controls coal, railroad and lumber properties whose operations are incidental to the principal business in metals. Similarly, it owns, jointly with Inspiration Copper, 160 acres of oil lands in Bakersfield, Cal., acquired to insure a supply of fuel oil for the International Smelting Co. at Miami.

Recent strength and activity in Anaconda's stock may be predicated upon a possible consolidation and unification of its numerous properties, on more rapid development of the valuable, low cost mines of its subsidiary, the Andes Copper Mining Co. or merely upon belated recognition of the company's inherently strong position. *In any event, the stock would still appear to hold a strong appeal for the long pull, even at current levels around 70. New commitments, however, might best be deferred in view of the rise that has taken place.*

2—Union Carbide & Carbon Corp.



BY its advance to the neighborhood of 150, Union Carbide has joined the fraternity of industrial securities whose "savings bank" yields must either be viewed as the outcome of speculative phenomena peculiar to the present-day market, or as the result of a sound appraisal of values which seeks to interpret balance sheet figures rather than accept them at face value. In the case of this company, the latter conclusion seems to apply.

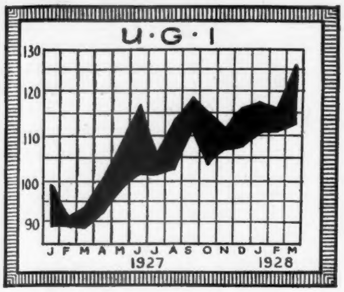
For example, the company last year reported net income available for the common stock equivalent to $9.52 a share. In itself, this showing hardly seems to justify existing price levels for the shares. When it is considered, however, that the 1927 report added another chapter to a series of progressive yearly increments to earning power, a basis for long range optimism toward Union Carbide begins to be apparent.

Reported net profits, moreover, do not give a wholly adequate picture of the company's actual earning capacity. Annual charges to depreciation are habitually liberal. Thus, during the past four years, deductions on this account have varied between 22% and nearly 26% of the yearly net profits, after allowance for Federal taxes.

Union Carbide's generous depreciation policy has enabled it to expand investments in land, buildings, equipment and the like approximately 22 million dollars over the last three years without any increase in capital account or floating indebtedness. Thus, at the close of 1927, the company reported fixed assets of 180.96 millions against which it carried a depreciation reserve of 36.49 millions, as compared with 158.55 millions and 27.65 millions in 1925.

But liberal as the depreciation policy may appear, conservatism seems to have reached its acme in respect to the company's valuation of power leaseholds, undeveloped water power and patent rights, the latter being largely the result of continuous research work designed to develop or discover new processes and products. In 1924, these items were carried at 36.06 million dollars. In the following year, they were marked down to the nominal value of $1 at which figure they continue to be reported on the balance sheet. *Their present and potential value can thus only be conjectured and clearly, the stock seems to possess outstanding merit from a long-range investment viewpoint.*

3—United Gas Improvement



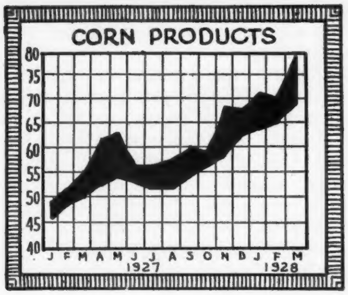
REPRESENTING one of the most powerful public utility groups in the country, United Gas Improvement is engaged in a continual process of consolidating its position and extending its scope, not merely for the sake of expansion as such, but in order to coordinate the activities of utility enterprises whose properties are adopted territorially to unified operation, or of a nature to lend themselves to the development of a superpower system throughout the northeastern states where the greater part of the company's interests are centered.

The bulk of the assets are in the form of security holdings in subsidiary and other companies, in some cases acquired through exchange of United Gas Improvement stock, and in others the result of purchase for investment. A recent merger with the Philadelphia Electric Co. brings under a single control the gas and electric systems of the city of Philadelphia, United Gas Improvement having operated the city owned gas works over a long period.

In 1927 a net income equivalent to $6.07 per share was reported before giving effect to the increase in stock entailed by exchange for Philadelphia Electric shares, which was not applicable until 1928. Dividends are at the rate of $4 annually. Earnings and dividends on the surface appear small to justify current market levels for the stock above 120. In addition to well defined indications of future growth, the reason is to be found in the substantial equities lying below the surface.

The company has no funded debt of its own and no capital obligations other than a single issue of common capital stock. Moreover, unlike most public utility holding companies, it does not include in its income the undivided profits of subsidiaries in which it has a majority ownership. Investment in other companies is carried at cost, so that the book valuation does not reflect the substantial appreciation which has taken place on the average since acquisition. A striking instance of this is to be found in the large block of Public Service Corp. of New Jersey stock held, in which the rise in recent years has been almost continuous. Further progress by the latter company will redound directly to the benefit of United Gas Improvement. Furthermore, a new lease now in effect for operation of Philadelphia Gas Works assures a steady profit therefrom in place of consistent losses prior to 1926. *Factors of this character render the stock a sound holding and rich in future possibilities.*

4—Corn Products Refining Co.



AS the recognized leader in its line Corn Products Refining Company is the greatest consumer of corn in the country, manufacturing glucose, starch, corn oil and syrup, selling the output in bulk as well as under its well-known specialty brands such as "Mazola" oil, "Karo" syrup and "Argo" and "Linit" starch. New products are now being developed. In addition to several large plants in the United States subsidiaries in France and Germany have been established to supply the growing foreign trade.

Funded debt amounts to $2,380,500, followed by $25,000,000 7% preferred stock and $63,250,000 (2,530,000 shares) of $25 par value common stock. During the last ten years net profits from operations have fluctuated between $5,000,000 and $12,500,000, standing at about $7,500,000 in 1927. "Other Income," however, has increased steadily from about $1,000,000 in 1918 to $3,228,000 in 1927. We will show the derivation of this item rather fully a little later on in this sketch.

Conservative accounting methods are illustrated by the fact that the property account stands at $43,500,000 after regular and special depreciation reserves totaling $57,500,000. Valuation of good-will, patents and similar intangibles has been written off entirely. Financial position is very strong, with net working capital exceeding $50,000,000, the highest in the company's history, while current assets are equal to almost 10 times current liabilities. Combined cash, call loans and marketable securities are nearly $41,000,000, or 6½ times total current liabilities. The regular dividend is 50 cents quarterly, with extras totaling $1 in 1927. An extra dividend of 75 cents was paid February 20, 1928.

Among the factors making for a favorable outlook are recent advances in prices of products and the high rate of operations, currently reported as at a record rate. Favorable legislation enforcing the use of "glucose" labels has been enacted recently and should benefit the company. The foreign subsidiaries are understood to be increasing rapidly in earning power and larger profits from this investment should accrue to the parent organization.

Considerable speculation has been aroused regarding the make-up of Corn Products' $32,350,000 item of marketable investments, and the profit which would be realized by the company if they were sold at current market values. Before discussing this matter it may be interesting to note that in 1927 the income derived by Corn Products from these investments alone was $1,781,246, or almost enough to cover

Earning Position of Companies with Hidden Assets

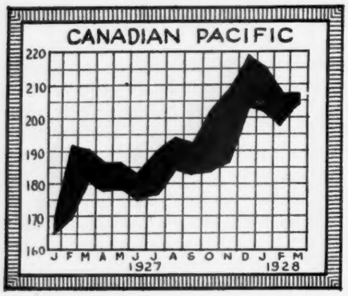
	Capitalization							
	Bonds *Outstanding	Preferred Stock Outstanding	Common Stock Outstanding	Earned per Share Common, 1927	Div. Rate $	Recent Price	Yield %	Earned on Market Price
Anaconda Copper	$214,044,000	None	$150,000,000	5.00e	3.00	70	4.3	7.1
Canadian Pacific	264,244,282	$100,148,537	260,000,000	12.08	10.00	212	4.7	5.7
Corn Products Refining	2,380,500	25,000,000	63,250,000	3.50	2.00p	81	2.5	4.3
Fleischmann Co.	None	1,222,000	4,500,000 shs	4.30	3.00	74	4.1	5.8
Gobel, Adolph, Inc.	600,000	None	100,000 shs	5.45	None	94	None	5.8
Standard Oil of N. J.	120,000,000	None	603,630,475	NF	1.12½	41	2.8	...
Union Carbide & Carbon	13,379,500	6,350,000*	2,659,733 shs	9.52	6.00	159	3.8	6.0
United Gas Improvement	None	None	300,000,000	6.07	4.00	133	3.0	4.6

* Including subsidiary obligations. e Estimated. NF Not yet available. p Plus $1.00 extra.

interest on the funded debt and dividends on the preferred stock, the combined amount of which was $1,860,194. Looked at from another angle these securities, if sold for no more than their cost price of $32,349,093, would liquidate the funded debt and retire all the preferred stock and leave nearly $5,000,000 in the treasury.

An actual profit of $1,305,017 was realized in 1927 from the sale of certain securities. While the profit which might be derived from the sale of the investments carried at the end of the year 1927 would doubtless be substantial, it may be stated definitely that the management has engaged in no unwarranted stock market speculation and that this investment account is made up of high grade bonds and preferred stocks, with some holdings of common stocks of railroads which are of the highest rating, and a very few high class industrial stocks. *The stock has unquestioned appeal from an investment viewpoint.*

5—Canadian Pacific Railway Company



THE Canadian Pacific Railway is without doubt the most comprehensive single transportation system in the world, controlling a total of more than 15,000 miles of track, owned, leased and operated. Steamship lines on both the Atlantic and Pacific oceans penetrate to every quarter of the globe, not to mention the company's express, banking and hotel services.

A well balanced capital structure and an excellent earnings record as a carrier characterize the company. Dividends have been paid on the common stock regularly since 1882, with the single exception of the year 1895, and the present rate of $10 per share annually has been maintained since 1912. The strong financial condition of the company is illustrated by the fact that surplus account equals the value of the total outstanding common stock and is more than one quarter of total assets amounting to $1,137,909,101.

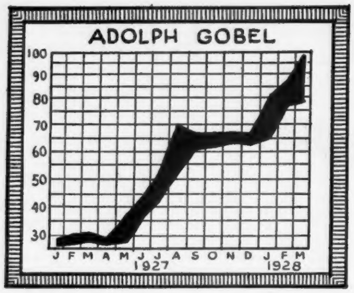
The book value of the common stock, though about $184 per share, makes little allowance for certain important assets we have especially in mind at this time. Land grants made to the company by the Dominion Government at various times have included more than 27,000,000 acres, of which the company still retains about 6,000,000 acres.

In its balance sheet the company also carries an item of "Miscellaneous Investments" at $24,522,842. This is a conservative figure, to say the very least. Included among these investments one single item represents 231,413 shares of the common stock of the Consolidated Mining and Smelting Company acquired at about $30 per share, or for a total of less than $7,000,000. These shares now have a market value of $275 each, or a total of $63,638,575. At current prices, therefore, this one security adds nearly $57,000,000 to the value of "Miscellaneous Investments" as indicated in the balance sheet.

The tremendous rise in market price of the stock of Consolidated Smelters merely indicates the public realization of the latent possibilities of the company and its properties, which include some of the greatest lead and zinc deposits in the world. This is only one example, and some of the other investments could also be shown as worth substantially more than their balance sheet valuation.

It may some day be found advantageous for Canadian Pacific to segregate its various properties not directly connected with transportation, as has been done by many railroads in the United States, in which case a handsome bonus would naturally accrue in some form or other to existing stockholders, but if that does not happen soon the company should continue to benefit from the earnings of these various interests for many years to come.

6—Adolf Gobel, Inc.



IN 1891, with a capital of $500, Adolf Gobel opened a one-man retail pork store in Brooklyn. In the basement he manufactured sausages, more than he could retail, so he began to supply other dealers. Gobel "Quality First" products became popular, the business grew steadily through re-investment of profits till by 1925 a yearly sales volume of over $8,000,000 was reached. A valuable plant covering half a city block had been acquired, the original store building being used only to house the executive offices.

On this solid foundation the present corporation, organized in August, 1926, has built a record of even more noteworthy progress, and yet its development has probably barely commenced.

Capitalization consists of $600,000 Ten Year Notes, the only funded debt, $250,000 of the original $850,000 having been retired, and 100,000 shares of common stock, of no par value. This figure includes 24,000 shares issued through the conversion of the entire $800,000 7% Preferred stock and 25,000 shares recently sold to stockholders at $65 per share.

On December 31, 1927 (before the sale of 25,000 shares brought $1,625,000 cash into the treasury), cash and call loans stood at about $241,000, surplus at $456,978, while current assets of $980,416 were about three times current liabilities. After heavy charges for depreciation, $407,389 in 1926 and $326,273 in 1927, almost $7.50 per share was added to the book value of the common stock in the latter year alone.

The valuable goodwill and trade names of the company built up over a period of nearly 40 years, were carried at the nominal sum of one dollar. Net profits in 1927 were reported as $408,465, or equal to $5.45 per share on 75,000 shares of common stock outstanding, allowing for the prior conversion of all the preferred stock.

In July, 1927, the company acquired control of George Kern, Inc., formerly a competitor. This concern does a gross business of over $10,000,000 per year, and for the last seven months of 1927 reported a net profit of $112,677, no part of which was reflected in Gobel's income account for the year. Such an adjustment would add about $1.20 per share to Gobel's earnings, bringing up the total to about $6.65.

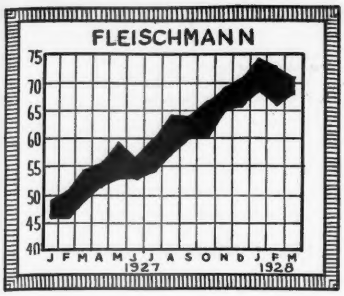
To appraise the value of this stock on the basis of 1927 earnings alone would be a mistake. The management is aggressively pushing new products and introducing improved merchandising methods, and there appears to be every reason for believing that the rapid progress of the recent past will be continued.

With the New York market only half developed and the outside field scarcely touched an important foreign demand is beginning to be felt. Current earnings of both companies are understood to be running well above those of last year.

Like other companies distributing food specialties Gobel is meeting with great success in marketing its products in distinctive packages bearing its own brands, and the increased demand thus stimulated will bring added profits.

No dividends have yet been paid on the common stock but the strong position of the company makes liberal disbursements in the near future easily possible, or the cash in the treasury may be used to acquire other properties or to readjust the capital structure in the interest of stockholders. *Although it has enjoyed a steady rise during the past year, reflecting well informed buying, this stock still appears attractive when the company's excellent prospects are considered. Listing on the Exchange, as now contemplated, should also improve the market position of the issue.*

7—The Fleischmann Company



THE Fleischmann Company makes from 80 to 90 per cent of the yeast sold in the United States and is also our largest producer of distilled vinegar, malt and malt extract. Important new products are said to be in the process of development and when put on the market they may be expected to add materially to the company's earning power.

Twelve modern yeast plants, located in strategic centers, are owned in fee simple, likewise a similar number of malting works, and the Company maintains one of the largest distributing systems in the country. At least 24 grain elevators are also owned as the company purchases the grain for its uses directly from the growers. Cost of these properties is carried in the 1927 balance sheet at $35,785,248 against which there is a depreciation reserve of $17,423,596, or approximately 50 per cent. This property valuation is exceedingly conservative as the entire system is well maintained and the net valuation is actually less by nearly $2,000,000 than the net income for the year 1927, reported at $19,423,596.

Fleischmann's methods of yeast manufacture are the most successful and the most economical in use today, and they are amply protected by patents. The company's laboratory is the most complete of its kind in the world, and by it new products and improved processes are constantly being developed and patented. An engineering staff designs the special equipment needed.

Through improved methods the process of yeast manufacture, which required 72 hours in 1917, has been reduced to 8 hours, and the product is of improved quality and is less perishable. Patents covering all the company's manufacturing processes are carried at $3,827,763, against which there is an amortization reserve of $941,043. Though currently producing the largest output in its history the various plants, because of improved methods, are said to be operating at only about 60% of their capacity, and the large reserve productive power will probably obviate the need of material expenditures for plant enlargements for a considerable time.

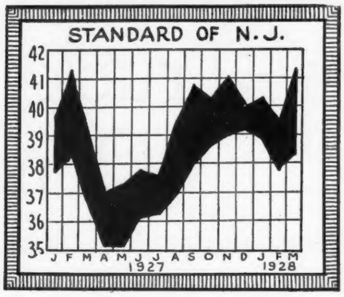
Established in 1868, the Fleischmann business has through many years built up a goodwill of great value, largely augmented in recent years by the expenditure of millions of dollars in nation-wide advertising, but this item is not reflected at all in the balance sheet.

Control of the business has always been in the Fleischmann family, which, with the employees, owns about three-fourths of the common stock. In 1926 a large minority interest was acquired by the banking firm of Messrs. J. P. Morgan & Company. Neither the company nor any subsidiary has any funded debt, and only $1,222,000 6% preferred stock stands before the 4,500,000 shares of no par value common stock.

Earnings have increased almost continuously since 1919 while the ratio of expenses to sales has declined as shown by the fact that with net sales in 1927 but little more than twice those of 1919 net income was over ten times that of the earlier year. In 1927 net earnings per share of common stock were $4.30 as compared with $4.09 in 1926 and $3.08 in 1925. At the end of 1927 current assets were $35,371,000 including $7,400,000 cash and $17,635,000 United States Government and other high grade bonds. Current liabilities amounted to only $5,104,274. Surplus was $42,525,000 and net working capital $30,266,686. The regular quarterly dividend of 75 cents was supplemented by an extra payment of 50 cents on January 3rd, 1928.

For the investor interested in a steady increase in equities and earning power, stock of the Fleischmann Company will have a marked appeal.

8—Standard Oil Co. (New Jersey)



THOUGH recognized as the greatest unit in the petroleum industry, the parent company of the entire Standard Oil organization, and one of the nation's industrial giants, there are, we believe, some relatively unappreciated elements in this company's strength.

We will mention here only in passing that the latest annual report shows working capital of $598,000,000, including cash and marketable securities amounting to $210,000,000, or 81% of total liabilities; that surplus stood at $427,000,000 and the book value of every share of common stock as $45.62; that the entire funded debt of this corporation with assets very conservatively valued at over $1,500,000,000 was only $120,000,000 (the only capital liability prior to the 24,145,000 shares of $25 par value common stock); that the company has unbroken dividend record covering a period of 40 years but that in 1926 less than one-third of the net earnings were paid out in dividends; and that the company is famous for its conservatism in the matter of heavy depreciation charges and reserves of various sorts as well as in writing off costs of development of new properties.

It is rather to Imperial Oil, Ltd., and to its subsidiaries, including International Petroleum and Tropical Oil Company, that we call special attention at this time. Standard Oil Company of New Jersey owns 75% of the capital stock of Imperial Oil, Ltd.

Imperial Oil, Ltd. is the dominant factor in the petroleum industry in Canada. The company controls vast acreages in the Turner Valley and in other sections of western Canada, the development of which is scarcely beyond the experimental stage but which noted authorities predict will ultimately become one of the greatest oil fields in the world.

International Petroleum owns outright between 500 and 600 square miles of potential oil land in Peru, only a small part of which is yet developed, and 125,000 acres in Ecuador. The company produced over 8,500,000 barrels of oil in Peru alone in 1926, and from its refinery at Talara supplied not only the local market but also exported refined products to Chile, Ecuador and Panama.

Tropical Oil Company controls a concession covering about 1,333,000 acres of remarkably productive oil land in Colombia, with a present annual production of about 8,000,000 barrels from over 1300 producing wells. Many wells have been capped and their production may be considered as stored up, instantly available when disposal of the oil appears advisable, in the meantime no storage expense is incurred and there is no possibility of loss by fire or other hazard. A subsidiary owns a recently completed pipe line about 400 miles long used for conveying the company's crude oil quickly and cheaply from the wells to the seaboard, from which it is shipped by tankers to refineries throughout the world.

These tremendously valuable properties in Canada and South America, controlled by Standard Oil, assure ample supplies of crude for many years in the future and mean also that stockholders will eventually reap large rewards. Standard Oil of New Jersey now refines twice as much crude oil as it produces, and the company has, therefore, suffered in smaller degree than most of its rivals from low crude oil prices, while at the same time it is in excellent position to benefit by a return of prosperity to the industry. *A more liberal dividend policy may be anticipated in the future and for investment purposes this stock is attractive at current prices. Owners of Standard Oil stocks have always, in the past, profited by stock dividends and frequent valuable rights to subscribe to new stock. Those who buy now in a time when the industry is depressed will probably receive similar benefits when conditions are favorable.*

Two Truck Manufacturers Compared

Which of the Two Offers Greater Possibilities at This Time?—Financial Resources and Earning Power Analyzed

By H. J. KNAPP

Mack Trucks, Inc.

	Sales	Net Income	Earnings Per Share	Dividends Paid
1922	$31,070,289	$3.952,280	$9.95	$1.00
1923	43,866,958	7.003,665	20.71	3.50
1924	46,622,622	6,220,273	17.95	6.00
1925	68,912,183	9,468,270	13.62	6.00 (1)
1926	69,032,203	8,852,453	10.81	6.00
1927	55,270,295	5,844,307	6.60	6.00

(1) Plus stock dividend, 50%, Dec. 31, 1925.

White Motor Company

	Sales	Net Income	Earnings Per Share	Dividends Paid
1922	$37,268,266	$3,770,618	$7.54	$4.00
1923	48,876,607	6,964,666	13.93	4.00
1924	46,574,737	4,084,248	8.17	4.00
1925	57,673,594	5,056,876	10.11	4.00
1926	64,578,088	2,183,567	2.73	4.00 (2)
1927	50.230,000	(d) 1,696,298	....	3.50

(2) Plus stock dividend, 20%, April 15, 1926. (d) Deficit.

MEASURED by unit output the truck industry suffered only a minor let-down in 1927, probably less than 6%, from the high record established in 1926 when a total of nearly 500,000 trucks of all classes were manufactured. A study of the situation reveals, however, that this high rate of production was sustained in large measure by the light vehicles sold by passenger car makers such as Ford, Chevrolet, Dodge, Reo and others, while sales of heavy-duty trucks showed a much more substantial decline than is indicated by the record of the industry as a whole.

The trend of demand appears to be definitely toward lighter and faster units having greater flexibility in crowded traffic. This probably accounts for the relatively unsatisfactory showing made by Mack Trucks, Inc., last year and for the deficit of $1,696,298 from operations reported by White Motor Company. Results during 1928 for these two companies and their competitors seem to depend upon a continuation of this demand for light vehicles and upon the degree of adaptability exhibited in meeting it. A survey of the condition of the two leading companies mentioned above and of the market outlook for their stocks will be of timely interest to investors in view of the great activity of motor stocks as a class on the Stock Exchange.

Mack Trucks, Inc.

This well known company is the largest producer of high quality, heavy-duty trucks, motor buses and coaches. Minor lines include fire-fighting apparatus, gas-electric buses and rail cars for operation on the tracks of electric and steam railways. Three large plants, located at Allentown, Pa., Plainfield and New Brunswick, N. J., have an annual capacity of about 20,000 trucks, aside from the bus departments.

A well organized distributing system including service stations and dealers throughout the country, and in many foreign nations as well, maintains contact with owners and prospective buyers.

Both issues of preferred stocks, the entire amount outstanding, were retired at the end of 1927 at a cost of more than $16,000,000, and only $2,600,000 funded debt, 6% notes issued by the Real Estate subsidiary, now stands ahead of the common stock.

Sales reached their highest point in 1926, just over $69,000,000, but this total was only $120,000 greater than that of the previous year while net income of $8,852,000 was substantially below the mark of $9,468,000 set in 1925. In 1927 sales fell to $55,270,000 and net income of $5,844,000 was off $3,000,000 from 1926 and was equal to only $6.60 per share of common stock outstanding at the end of the year as against dividend requirements of $6.00 per share at the current rate. This narrow margin and the recent market action of the stock has caused considerable apprehension regarding the safety of the dividend at the present rate despite the strong cash position of the company. The regular dividend of $1.50 per share was, however, paid on March 31st.

Retirement of the preferred stocks necessitated bank borrowing amounting to about $7,000,000, but it was accomplished without any other financing and will eventually reduce charges prior to common dividends by an amount equal to $1.50 per share. At present, of course, the saving is somewhat less because of interest on the bank loans incurred but it is expected that these loans will be liquidated rapidly from current profits and payments received from customers on time purchase contracts. At the end of 1927 current assets amounted to $43,000,000 or over 4 times current liabilities of $10,680,333 leaving net working capital of over $32,000,000.

That a more conservative policy regarding credits on time purchase contracts has been instrumental in effecting a reduction in accounts receivable is evident from the fact that while at the end of 1925 these accounts equalled 47% of sales for the preceding year this ratio had been reduced to 41% at the close of 1927. Earnings for the first quarter of 1928 are not expected to equal those of the corresponding period a year ago, but interests close to the company anticipate substantially better results during the latter half of the year than were reported in 1927 when only $2.24 per share was earned on the common stock.

The White Motor Company

Until 1924, when passed by Mack Trucks, Inc., this company was the leader in the truck industry in volume of sales, and it remains easily second in rank in that respect. Sales for 1926 amounted to $64,578,000 and for

1927 to $50,230,000, or about $5,000,000 under those of Mack Trucks in each year. Production in recent years has averaged about 12,000 units annually. The main plant, covering about 25 acres, is located at Cleveland, Ohio, while branches and sales organizations are scattered throughout the United States and foreign countries.

Net income has shown unusually wide fluctuations, reaching the highest total in 1923, nearly $7,000,000, declining to $4,000,000 in 1924, up again to $5,000,000 in 1925, down to $2,184,000 in 1926 and then falling to an operating deficit of $1,696,298 in 1927. The final deficit for the year, giving effect to adjustments for income received from sources other than operations and for dividends amounting to $2,800,000 paid during the year, was reported as $3,695,341. A remarkable recovery was registered by White Motor Company when net earnings of $3,770,000 were reported in 1922 following a deficit of $4,837,000 in 1921. Whether or not there will be a recovery from the present slump, equally rapid and decisive, is the question now puzzling those interested in this company and its stock.

After paying dividends at the rate of $4.00 per share annually from 1916 to September, 1927, the rate was cut in half by the payment of only 50 cents per share on December 31, 1927, and a further cut to 25 cents per share was made on March 31, 1928.

During 1927 the stock of White Motor Company reached a high of 58⅝ in February and a low of 30¼ in November when the poor showing for the year and the consequent reductions in dividends had been quite fully discounted. During 1928 to date the range has been between 41⅝ and 30¼, with the current price around 34.

At 34 the 800,000 shares of capital stock have a total market value of $27,200,000. Net current assets, as of December 31, 1927, amounted to $26,631,000, or $33.28 per share of common stock, there being no funded debt or preferred stock outstanding. In other words, the stock is now selling for practically the value of the net current assets alone, making no allowance for the value of the plant, carried at nearly $14,000,000, after depreciation, nor for the goodwill or any other intangible values inherent in a great established business. There is no bank debt, and even after charging the operating deficit and dividends paid in 1927 against the surplus at the close of the preceding year cash and Government securities amounted to $6,633,374, and ratio of current assets to current liabilities was better than 8 to 1.

Selling almost on a receivership basis the market reflects the poor results of last year's business, but appears to fail to take into account the strong cash position of the company and the complete reorganization in policy carried out during recent months. Many changes in personnel and in production and selling methods

(Please turn to page 1168)

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable at	Recent Price	Yield %
Norfolk & Western	4(N)	115.54	160.35	133.40	No	88	4.6
Atchison Top. & S. Fe	5(N)	37.17	48.83	40.47	No	108	4.6
Union Pacific	4(N)	38.41	41.17	.....	No	87	4.6
Baltimore & Ohio	4(N)	35.33	48.41	38.44	No	84	4.8
Colorado & Southern 1st	4(N)	43.18	52.56	57.76	No	83	4.8
Southern Railway	5(N)	37.63	39.33	36.17	100	101	4.9
Pere Marquette Prior	5(C)	57.50	68.77	64.08	100	101	4.9
Colorado & Southern 2nd	4(N)	39.13	48.50	53.76	No	77	5.2
Wabash "A"	5(N)	11.48	11.86	6.87	110	97	5.2
Kansas City Southern	4(N)	10.06	10.86	9.04	No	75	5.3
St. Louis Southwestern	5(N)	11.96	12.09	9.30	No	92	5.4
N. Y., Chicago & St. Louis	6(C)	24.91	24.65	20.31	110	109	5.5
Chicago, Rock Is. & Pac. 2nd	6(†)	12.23	20.57	22.49	102	103	5.8
St. Louis, San Francisco	6(N)	102.65	108.19	107.70	100	101	5.9
New York, New Haven & Hart.	7(C)	.....	.....	22.05	115	116	6.0

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable at	Recent Price	Yield %
Philadelphia Co.	3(C)	23.53	24.20	28.28	No	56	5.4
Hudson & Manhattan R.R. Conv.	5(N)	34.12	40.32	.....	No	91	5.5
Columbia Gas & Electric	6(C)	.....	27.81	25.42	110	109	5.5
North American Co.	3(C)	21.91	28.95	31.73	55	54	5.6
Public Service of New Jersey	8(C)	§19.66	§21.46	§16.28	No	142	5.6
Federal Light & Traction	6(C)	33.02	41.51	39.67	110	107	5.6
American Water Works & El.	6(C)	.....	22.63	24.30	110	105	5.7
Standard Gas & Electric	4(C)	14.00	20.00	16.20	No	69	5.8
West Penn Electric	7(C)	16.15	20.81	23.10	115	114	6.1
Engineers Public Service	7(C)	.....	17.44	19.99	110	110	6.4
Electric Power & Light	7(C)	9.72	13.88	16.21	110	110	6.4
Continental Gas & Elec. Prior	7(C)	22.26	26.23	.....	110	107	6.5

Industrials

	Div. Rate $ per Share	Earned $ per Share 1925	1926	1927	Redeemable at	Recent Price	Yield %
International Harvester	7(C)	32.11	36.74	35.71	No	146	4.8
American Smelting & Ref.	7(C)	30.38	35.52	30.96	No	140	5.0
Case (J. I.) Thresh. Mach.	7(C)	21.49	29.39	38.43	No	135	5.2
U. S. Cast Iron Pipe	7(C)	45.84	42.08	28.12	No	136	5.2
Associated Dry Goods 1st	6(C)	29.92	27.67	24.10	No	113	5.3
International Silver	7(C)	16.08	24.39	.....	No	128	5.5
McCrory Stores	6(C)	45.97	47.82	52.42	110	110	5.5
General Motors	7(C)	101.78	167.17	182.15	125	126	5.5
Mathieson Alkali Works	7(C)	58.60	67.86	74.06	No	126	5.5
Studebaker Corp.	7(C)	208.13	173.89	160.79	125	125	5.6
Endicott Johnson	7(C)	44.57	34.77	48.10	125	125	5.6
Baldwin Locomotive	7(C)	0.98	29.42	12.21	125	123	5.6
Deere & Co.	7(C)	13.68	23.22	25.74	No	125	5.6
Pillsbury Flour Mills	6½(C)	.....	*20.19	*44.90	110	113	5.7
Bethlehem Steel Corp.	7(C)	26.64	20.84	16.32	No	120	5.8
U. S. Industrial Alcohol	7(C)	33.98	16.27	.....	125	121	5.8
Brown Shoe	7(C)	45.23	29.69	44.12	120	118	5.9
Bush Terminal Buildings	7(C)	‡	‡	‡	120	117	6.0
Goodrich (B. F.) Co.	7(C)	51.57	13.96	39.19	125	114	6.1
Devoe & Raynolds 1st	7(C)	37.29	49.70	53.23	115	114	6.1
Radio Corporation	3.5(C)	10.31	13.86	20.02	55	56	6.2
American Cyanamid	6(C)	*20.53	*29.53	*24.24	120	97	6.2
General American Tank Car	7(C)	24.09	27.95	37.68	110	111	6.3
Bush Terminal Debentures	7(C)	16.01	16.81	18.88	115	112	6.3
Central Alloy Steel	7(C)	.....	35.11	27.26	110	110	6.4
Victor Talking Machine	7(C)	nil	38.44	35.00	115	110	6.4
U. S. Smelting, Ref. & Mng.	3.5(C)	5.97	6.25	6.28	No	54	6.4
International Paper	7(C)	12.58	11.31	.....	115	107	6.5
Mid-Continent Petroleum	7(C)	106.48	133.61	52.40	120	107	6.5
Consolidated Cigar	7(C)	38.93	67.44	64.41	110	100	7.0
Goodyear Tire & Rubber	7(C)	.....	11.83	18.80	110	95	7.4

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks.
* Years ended June 30. ‡ Guaranteed unconditionally by Bush Terminal Co.

Tide Water Associated Oil Co.

Progress Since the Merger

Company Ranks Among First Ten—Well Diversified Enterprise—Prospects for Preferred and Common

By N. O. FANNING

THAT the petroleum industry has been undergoing readjustment for many months every one knows who takes an active interest in industrial developments. To a great extent, however, the destructive features of this readjustment in the oil business have been over-emphasized, while the constructive or "building up" features have been largely overlooked.

One important phase of the constructive side of the oil readjustment is the number of economically sound mergers involving the larger units of the industry. One of these, effected in 1926, brought together the Tide Water Oil Co. and the Associated Oil Co., under the name of the Tide Water Associated Oil Co. A general description of the properties and outlook for this company will form the subject of this article.

Among First Ten Companies

The Tide Water Associated Oil Co. ranks in total assets among the first ten oil companies in the United States. Its latest balance sheet, as of December 31, 1927, shows a combined total of assets of its subsidiaries of $248,909,125 from which should be deducted $49,263,136 representing the minority interest in Tide Water Oil Co. and Associated Oil Co., leaving a balance of $199,745,989. Tide Water Associated now has approximately 94% of the capital stock of the Associated Oil Co. and 78% of the common stock of Tide Water Oil Co. in its treasury.

Tide Water Associated ranked its investment in the various branches of the oil industry, as of December 31, 1927, as follows:

Oil producing properties	$132,769,108
Refineries	48,564,460
Transportation facilities	20,334,495
Marketing facilities	20,099,610
Miscellaneous	4,010,239
Total fixed investment	$260,777,912

From this total the company charges off $98,118,536 for depreciation and depletion, leaving a balance of $162,659,377.

The investment in the consolidated companies was apportioned in a statement of Dec. 31, 1926, as follows:

Associated Oil Co	$83,637,246
Tide Water Oil Co., N. J	61,098,525
San Francisco-McKittrick Oil	1,105,314
Tide Water Oil Co., Cal	250,018
Total investments	$146,091,103

The other subsidiaries of Tide Water Associated Oil Co. (incorporated in Delaware) are the Tide Water Associated Transport Corp. and Tide Water Associated Oil Co. of California.

The bulk of the properties of the Tide Water Associated, as indicated by the foregoing table, are owned by Associated Oil Co. and Tide Water Oil Co., the general character of which units are more or less well known, both being complete oil units operating in every important branch of the industry.

The Tide Water Associated properties are summarized in the following table, which gives daily production or capacity of each important division of operations:

	Barrels
Crude oil production	75,000
Refining capacity	143,000
Pipe line capacity	200,000
Tank steamer capacity*	40,000

*Based on total carrying capacity of 1,169,000 barrels and average of one round trip a month.

The total pipe line mileage amounts to approximately 1,100. Producing and prospective oil and gas acreage totals over 500,000. Distributing stations in the United States amount to over 400.

A description of the properties of the Tide Water Associated Oil Co. in the various branches of the industry follows:

Production

The oil producing properties of the Tide Water Associated Oil Co. are distributed as follows:

Oklahoma and Texas, through the Tidal Oil Co. and Tidal Osage Oil Co., both subsidiaries of the Tide Water Oil Co. The gross production in 1927 was approximately as follows:

	Oklahoma	Texas	Total
Tidal Oil Co	2,161,628	1,564,499	3,726,127
Tidal Osage Oil Co.	3,700,074	......	3,700,074
Total	5,861,702	1,564,499	7,426,201

California, principally through Associated Oil Co. and its subsidiaries. Total gross production in 1927 in California, 21,355,000 barrels.

The total gross production of Tide Water Associated Oil Co. in 1927 was 28,781,000 barrels. Net production was 23,647,000 barrels.

The Tidal Osage Oil Co., which is approximately 62% owned by the Tide Water Oil Co., and Tidal Oil Co., 100% owned, are both large producers in the Seminole Pool of Oklahoma. The principal new development in recent months was the entrance of the Tidal Oil Co. into West Texas. The company purchased leases in Crane County, and now has "pinched in" production of over 6,000 barrels a day.

The Associated Oil Co., Tide Water Associated's largest crude oil producing subsidiary, enjoys a major position among the California producing companies. Its position in the Ventura Avenue district, one of the newest large producing areas on the Pacific Coast, may be described as dominant.

The company is rated as having the largest amount of productive acreage of any operator in the field. A well drilled about the middle of March of the present year flowed over 3,000 barrels of oil and 4,000,000 cubic feet of gas daily. It is believed the company's acreage in the pool has only been scratched.

The Ventura Avenue field has an enormous drainage area and contains the thickest oil bearing formation in the world, according to recently expressed opinion of geologists. The exceptionally high saturation of the sand is said to guarantee an unusually large ultimate recovery. The field has produced over 47,000,000 barrels of crude oil so far, and it is estimated that at least an additional 300,000,000 barrels of oil are awaiting recovery.

Transportation

Developments so far in the company's operations at Ventura Avenue and in West Texas indicate the aggregate production in 1928 will either be maintained or increased, partly depending upon the course of production in Seminole County, Oklahoma, where the company had large production during 1927.

Tide Water Associated pipe line, tank car and tank steamer facilities are adequate to take care of the company's refining and marketing requirements, which fact incidentally adds to the intrinsic worth of the latter. The principal pipe line property consists of a trunk line 833 miles long owned by Tide Water Pipe Co., subsidiary of the Tide Water Oil Co. The line runs from Tide Water's Bayonne refinery westward to Stoy, Ill. At that point the line connects with Prairie Pipe Line's system into the Mid-Continent field. The Associated Oil Co. has over 200 miles of pipe lines in California connecting producing properties with its Avon refinery, near San Francisco.

Tide Water Associated Oil Co.'s subsidiaries own 19 oil tank steamers of over 500 gross tons each and several smaller vessels and barges for inland waterways. The gross tonnage of the 19 larger vessels amounts to 104,850, and the aggregate carrying capacity per trip amounts to 1,169,000 barrels. Two of these tankers are owned by the Tide Water Associated Transport Corp., 12 by the Associated Oil Co. and five by the Tide Water Oil Co.

Special emphasis should be laid on this tanker ownership because of its value in connection with the two principal oil refineries controlled by Tide Water Associated Oil, one at Bayonne, N. J., the other at Avon, Cal. Both plants being at seaboard are strategically located to receive foreign crude oil, which is becoming an increasingly important factor, and also to supply the export trade. The tankers assure transportation necessary to carry out both of these important operations. Only recently Tide Water Oil Co. is reported to have contracted for a considerable supply of Venezuelan crude oil to be used in its Bayonne refinery.

Crude oil storage capacity of Tide Water Oil Co. amounts to 7,336,200 barrels, while that of Associated Oil Co. amounts to 23,190,400 barrels, making a total of 30,526,600 barrels' capacity for Tide Water Associated Oil Co.

Refining

Refining capacity of the Tide Water Associated Oil Co., not including natural gasoline plants, amounts to 143,000 barrels daily, and is fairly evenly divided as between east and west of the Rocky Mountains. The location of the refineries and their capacity, are shown in the following table:

EAST OF ROCKIES

Subsidiary Location	*Capacity	Cracking
Tide Water Oil—Bayonne, N. J. .	50,000	7,000
Tidal Refining—Drumright, Okla.	10,000	3,000
Tidal W'n Oil—Burkburnett, Tex.	3,000	....
Total	63,000	10,000

WEST OF ROCKIES

Associated Oil—Avon, Calif......	60,000
Associated Oil—Watson, Calif...	10,000
Total	70,000

*Barrels daily.

These refineries have "cracking" equipment employing the Tube and Tank Process able to handle 10,000 barrels of stock daily. The process is licensed by the Standard Oil Co. of New Jersey.

The strategic location of the Bayonne and Avon refineries is indicated by the fact that the demand for gasoline within the two-cent a gallon rail shipping limit from these plants amounts to approximately 3,200,000,000 gallons (80,000,000 barrels) a year, or about 25% of the total gasoline consumption of the United States. Besides being well situated to handle domestic business, both refineries, being at tide water, are accessible to the marine and export trade.

There has been an unmistakable tendency in recent years toward concentration of oil refinery capacity at seaboard. Tide Water Associated Oil Co.'s principal plants, being located in line with this trend, appear to assure the company's future position in this branch of the oil business.

The natural gasoline plants of Tide Water Associated number 11 and they are located in Oklahoma and Texas. Their combined capacity amounts to 77,500 gallons of gasoline a day, or 28,287,500 gallons a year. This production is of great value in "blending" with "straight-run" gasoline, increasing the anti-knock value of the latter.

Marketing

The gross business of Tide Water Associated Oil Co. in 1926 amounted to $126,776,089, and in 1927 increased to $153,098,374. This substantial increase in gross in 1927 is in part the result of intensive sales and advertising campaigns inaugurated by the company in 1926, besides reflecting the normal growth of oil consumption.

Recent developments in this connection are described in the statement that "in accordance with Tide Water Associated Oil Co.'s efficiency program, Tide Water Oil products are being carried in stock at 85 Associated bulk stations on the Pacific Coast. While Tide Water maintains its own sales force there, the delivery, accounting, credit and other work has been consolidated with that of the Associated Oil Co., effecting substantial economies."

Tide Water Oil Co. "ethyl" gasoline went on sale March 15 with 1,000 retail dealers contracting to carry the product. This is Tide Water gasoline containing a mixture of ethyl fluid, the latter supplied by the Ethyl Gasoline Co., half owned by the Standard Oil Co. of New Jersey and half by the General Motors Research Corp.

Sales of gasoline by the Tide Water Oil Co. and Associated Oil Co. combined in 1926 amounted to 352,940,141 gallons, this figure representing 4.2% of the consumption in the territory covered. Sales by companies and districts (in gallons) follow:

Subsidiary Territory	Gallonage
Tide Water Oil Co.—Atlantic Seaboard	180,797,258
Tide Water Oil Co.—Middle West ...	53,509,000
Associated Oil Co.—Pacific Coast	118,633,883
Total	352,940,141

Tide Water Associated Oil Co. has over 400 bulk distributing stations in the United States. Tide Water Oil Co., besides having a large gasoline business, is a leading marketer of lubricating oils and wax.

Export business is carried on by Associated Oil Co. on an "f.o.b. California" basis and by Tide Water Oil Co., both on an "f.o.b." basis and through partly-owned subsidiaries abroad. These include British Mineral Oil Products Co., Ltd., of England; Hamburg Amerikanishe Mineralol G.mb.H., of Germany; Compania Nazionale Prodotti Petrolio, of Italy, and Société Francais des Huiles Minerales of France. Tide Water also sells to other countries of Europe, and to the Near East, Africa and South America. The Associated Oil Co.'s exported products go principally to the Far East and western South America, including New Zealand, Australia, Indo-China and Japan, Chile and Peru. It can thus be seen that Tide Water Associated Oil carries on an almost world-wide marketing business.

Financial Position and Outlook

The position of Tide Water Associated reflects sound and conservative management, which has been inherent in both Tide Water Oil Co. and Associated Oil Co. during their entire history. Axtell J. Byles, president of the consolidated company, was head of Tide Water Oil Co. previous to the merger with Associated Oil Co. During almost his entire business career he had served with the company and was formerly its general counsel. The management of Tide Water Associated is largerly the same as that of the separate companies prior to the consolidation.

The latest balance sheet published by the Tide Water Associated Oil Co., as of December 31, 1927, reflects the unfavorable turn of events in the oil industry in 1927. That statement showed current assets of $60,639,263 and current liabilities of $13,983,417, leaving indicated net working capital of $46,655,846.

Dividends have been paid regularly at the rate of 6% per annum on Tide Water Associated Oil Co. preferred stock. Payments on the common, which had been maintained at the rate of 30 cents a share quarterly from August, 1926, were reduced to 15 cents, in the middle of 1927, and dividends were discontinued in October of that year.

The Tide Water Oil Co. reduced its quarterly dividend in June, 1927, from 37½ cents a share quarterly to 20 cents, while Associated Oil Co. in the final quarter of 1927 omitted the 40 cents extra dividend which had been paid in each of the five previous quarters. Tide Water is now paying 20 cents quarterly on the common stock, besides the regular dividends on the 5% preferred stock issue. Associated Oil Co. is paying dividends at the rate of $2 a share per annum on its capital stock.

Tide Water Associated Oil Co.'s

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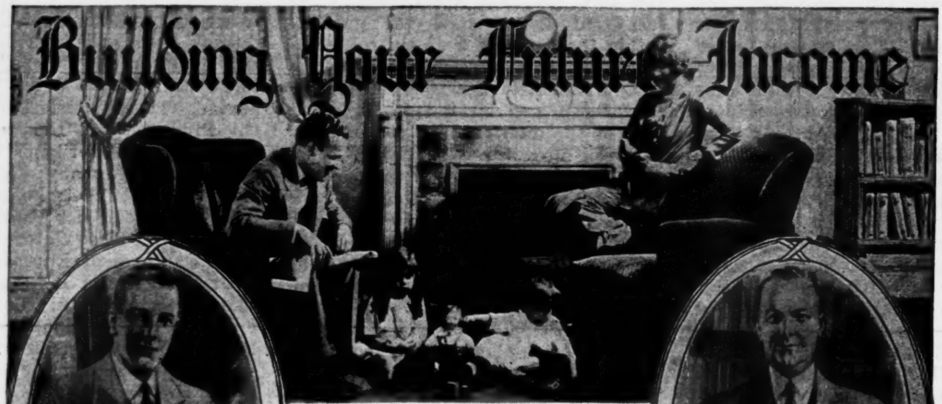
EDITORIAL PAGE

Building Your Future Income



TO-DAY—The Young Executive

TO-MORROW—The Business Leader

This department is the contribution of The Magazine of Wall Street to the financial education of the nation's present and future investors and business executives.

Through this medium we extend to our subscribers an opportunity to assist us in spreading the doctrine of safe and sound investment by using these pages as a practical guide to financial success in their own homes and offices.

Don't Be Sidetracked

THESE days, when stock market profits are the chief topic of conversation, it is hard for the small investor to hold strictly to the safe path of slow and consistent savings. With front page newspaper stories daily about the millions made in speculative stocks and with almost every neighbor and relative among those envied mortals who have just "cleaned up in Wall Street," it is mighty discouraging to the majority of us who depend upon our frugality to get ahead financially.

One product of all this stock market talk at present is the unfortunate fact that thousands of unexperienced investors are daily joining the ranks of the margin account speculators. The worst part of it all is that at the moment many of them are making handsome profits. It will be mighty hard to return to the old practice of regular savings and conservative investment after fortune has taken a different turn. And in the meantime, thousands of other small investors are beginning to wonder whether the old precepts of safety and caution for the initiated investor are still wise or whether they should "obey that impulse" and join the rank and file of equally unexperienced men and women who are "playing the market" and winning attractive profits at the moment.

In the morning's mail comes a typical case. A young married man with two children and a new home almost paid for, outlines his record of saving and investment over the past five years. Never did he permit his savings program to fall behind. Always, did he place his funds in safe and sound investment mediums. Frequently, his frugality made it necessary to do without many things that would have added to his pleasure for the moment. But throughout all, he was proud of his achievement.

But recently his faith in the safe and sure way to financial independence has wavered somewhat. He writes that his brother-in-law who never saved money regularly in his life recently bought some stock on a ten margin and made a "big killing." The same performance was repeated in a few other stocks and now he has more profits that our correspondent was able to save in more than five years. Other friends are having equal luck in this much advertised stock market boom. And now he too, has a "good tip" on the market, a chance to double his savings of five years in a few weeks! So, he writes us to ask, what should he do?

Our answer was brief—"Don't be sidetracked from your original savings plan by all this ballyhoo.

"Intelligent Use of Present Income Will Assure Financial Independence."

Thrift Funds for Children in Life Insurance

Describing a New Policy That Meets This Need

By FLORENCE PROVOST CLARENDON

LOVE blended with human sympathy is the greatest force in the world. Family love stimulates a man in attaining success which he would often fail to achieve if it were not for this incentive. Whether love for his wife is greater than love for his children is a delicate question difficult to decide—indeed the two are complementary to one another. The deeper a man's affection for his wife, the greater the love for his children—and *vice versa.*

The greatest argument for life insurance is the need for protecting wife and children. It is only when full provision has been made for them that other reasons for life insurance assert themselves, and protection is secured through this source for mortgaged property, business obligations, the payment of inheritance and other taxes, etc.

There are many men, however, who have little need to protect mortgages or to furnish large sums for inheritance taxes; yet who want to provide an Endowment for their children so that these young folks may have a better chance in life than their parents had. To the youthful mind, Dad may appear strict—even arbitrary at times. But he is usually planning and working for his children, hoping to give them happiness in the present and the means of success when they reach their maturity.

To attain these objects ready cash is needed at special periods in the life of a boy or girl. In the first place, money must be forthcoming for the college course. This is an expensive time for father—the financing of higher education. Then, after college days are over, financial help may be needed to start the lad in business or profession—perhaps to provide the daughter's trousseau. The earlier need comes about age eighteen, the normal college entrance age. The later period around age twenty-five—talking in general terms.

Assuming that a family man has made proper provision for his immediate dependents, he may then think seriously about starting his children's estate building.

In taking life insurance to provide money for educational purposes it is usually preferable to place the policy on the *father's* life—on an Endowment form—to mature about the time the youth expects to enter college. If the father dies at any time after payment of the first premium and prior to the maturity of the Endowment, the proceeds may be held at interest by the company, or may be paid over to a duly appointed guardian to be used for the purpose for which the Endowment was taken—to finance a four years' college course.

But to meet the purpose of building a Thrift Fund through youth to endow the boy or girl later in life, Children's Endowments may be taken which are written along broad lines and offer liberal benefits. Some of the Old Line companies are offering attractive policies to meet the plans of parents who are thrifty and practical in saving for their children's future.

One such policy is a Child's Endowment under (*Please turn to page* 1171)

Maximum Amounts Issued on Child's Endowment*

$1,000 for a child	4	years old
1,000 for a child	5 to 7	years old
1,500 for a child	8 to 9	years old
1,800 for a child	10	years old
2,200 for a child	11	years old
2,800 for a child	12	years old
4,000 for a child	13	years old
7,500 for a child	14	years old

* Providing the applicant is not over 45 years of age.

The Annual Premium Required for Each $1,000 Policy

CHILD'S ENDOWMENT AT AGE 25

Age of Applicant	Child Age 4	Child Age 7	Child Age 9	Child Age 12	Child Age 14
30	$41.11	$49.71	$57.37	$73.49	$89.36
35	41.70	50.29	57.92	74.02	89.86
40	42.64	51.15	58.75	74.78	91.70
45	44.14	52.55	60.08	75.99	93.57

These rates are on a participating basis.

Profits of Over 28 Per Cent in Bond Investments

The Interesting Experience of a Reader Who Obtained a Yield of 7% in Addition to Handsome Profits

By T. V. S.

THE tabulation of profits from bond investments obtained by the author of this article has been authenticated by sales slips and other records, and presents a most interesting exhibit of profits earned without assuming speculative risks. The list is published here as an object lesson in the profit possibilities inherent in strictly investment issues. It is not intended, however, as an investment recommendation as a number of the issues are selling on a basis no longer suitable for general investment purposes.

IN June of 1921, I had the good fortune to have funds to invest and being in a position to take a reasonable amount of risk, was considering stocks as a medium for my funds. It was about this time that business was beginning to show signs of recovering from the low levels of 1921 and it was evident that there were many bargains in securities to be had for those competent to judge values, but unfortunately my investment knowledge was rather limited and I realized that a wrong choice at this time might very well prove disastrous to my financial plans.

Here is a condition that confronts the average investor who has a desire to make a profit but who hesitates to jeopardize his principal; stocks are the usual medium, but give no assurance that there will not be losses. This brought me by a process of elimination to the safest of all securities, namely, bonds. Here we have an investment that is safer than stocks but one which many investors imagine have little or no chance to increase their principal. This is a mistaken idea, however, which I will proceed to dissipate.

Formulating a Conservative Policy

Having come to the conclusion that a conservative policy would be more advisable under the circumstances, I decided that bonds were the safest medium for my funds, and although these were to be selected primarily for safety and income, I was not averse to making a profit if it could be obtained without jeopardizing my principal. With this thought in mind, therefore, various types of bonds were examined and I soon came to the conclusion that by a judicious selection of bonds with a view to their various "features" a considerable profit could be made while at the same time my principal would be safer than if invested in stocks.

In analyzing the various types of bonds to be selected I discovered that some were more attractive than others in this respect, also, that many desirable bonds were to be found outside of the "high grade" class, which if held for a few years would prove profitable, and it was primarily with this object in mind that the list published on the opposite page was acquired. Later a definite financial plan was adapted which in addition to bonds, included, first, good preferred stocks and finally a few dividend paying common stocks, thereby creating a well balanced list. The substance of my plan, however, was to invest in good bonds for both income and profit. The remarkable results obtained are shown in the accompanying table. All the bonds were acquired between June, 1921, and January, 1926, and in the order given. It will be noted that the bonds, although all sound and having merit in varying degrees, are not, strictly speaking, "high grade," but rather what might be termed, "medium grade," suitable for one able to assume a moderate risk.

How the Bonds Were Selected

In the selection of these bonds certain factors were taken into consideration, not the least of which was diversification, both as to type and location. It will be noted that few of the bonds were actually sold, the callable features accounting for most of the bonds liquidated, also besides receiving an average current return of over 7% since 1921, a capital gain of over 28% has been realized on all bonds bought.

When many of these bonds were bought, yields were relatively high and it was reasonable to assume that it would be only a matter of time before conditions would adjust themselves and yields would drop back accordingly. Bearing this in mind a certain portion of sound, high coupon-bearing bonds with attractive "callable and sinking fund" features were selected, as this type of bond would be favorably effected when conditions returned to normal, also "convertible bonds" might prove valuable as in the case of Brooklyn Union Gas 5½% and Chile Copper 6%, the latter having also a callable feature. My optimism on the recovery of the leading European nations from the effects of the World War, accounted for the inclusion of foreign bonds. Here we have high yields combined with attractive sinking fund features which will tend to keep the prices up. In a like manner short term and uncallable bonds were added, thus giving diversification and balance to the list.

Why Stocks Were Added Later

I will here digress for a moment from the main subject, "Bonds" and give a brief account of the other securities that comprise the balance of my investments. Space will not permit of a detailed description, but a brief resume will not be amiss for those interested in the financial plan as a whole. For, after acquiring a widely diversified list of good bonds, I believed that I had become qualified to invest in stocks. As yields in bonds

became less attractive I decided it would be advisable to include a percentage of my capital in sound preferred stocks; here the yields were higher and at the same time offering a safe medium for my additional funds, therefore, preferred stocks such as North American Co., Philadelphia Co., American Gas & Electric, etc., were included.

Following these purchases, a few odd lots of common stock were bought, but it was not until 1925 that I decided that the opportune time had arrived to invest a substantial portion of my capital in common stocks.

The industries of the country as a whole had been showing steady improvement as regards earnings, etc., and especially was this true of the Railroads and Operating Utilities and as both were sound, essential industries, with the added attraction of merger possibilities, they were selected as being suitable for my requirements.

In the selection of one of these stocks I was aided in no small way by an article that appeared in THE MAGAZINE OF WALL STREET, in which Brooklyn Union Gas was analyzed, and among other interesting data it was pointed out that new financing was contemplated, in which case, valuable rights would accrue to stockholders. At the time this stock was bought it paid 4%. Shortly after an extra of $7 per share was disbursed and later rights to subscribe to convertible 5½% bonds were accorded to stockholders and at a still later date the dividend on the common stock was increased to 5%. This accounts for the last item on my list which has proven so profitable.

In a like manner, through the purchase of sound dividend paying stocks such as Am. Tel. & Tel., Balt. & Ohio, Guaranty Trust Co., Consolidated Gas Co. of N. Y., etc., I have been able to participate, through rights, in most of the new financing that these companies have brought out, thereby adding considerably to the value of my investments.

Incidentally, all stocks and bonds have been bought on an outright basis.

In closing I might add that success in the investment field requires first, a sound financial structure; second, a sense of values, and last, but not least, a generous amount of patience.

A Five Year Tabulation of Investments

Date Purchase	Amount	Name	Rate	Due	Callable Feature	Cost	Total Cost	Date Sold—Call	Key	Price	Total Price	—Capital— Gain	or Loss	Current Yield
June, 1921	$1,000	King. Belgium...	8%	1941	107½*	$98	$980.00	....	†	$111	$1,100.00	.....	....	8.1%
June, 1921	1,000	St. L. S. F. "C"	6%	1928	100	86	860.00	July, 1928	‡	100	1,000.00	$140.00	....	7%
June, 1921	2,000	Chile Copper	6%	1932	110	73	1,460.00	April, 1927	‡	110	2,200.00	740.00	....	8.2%
June, 1921	1,000	St. L. S. F. "C"	6%	1928	100	85	850.00	July, 1928	‡	100	1,000.00	150.00	....	7%
July, 1921	1,000	U. S. Rubber....	7½%	1930	none	100¼	1,002.50	....	†	103¼	1,032.50	.....	....	7.5%
July, 1921	1,000	Vir. Chemical ...	7½%	1932	105	92	920.00	Nov., 1922	‡	105	1,050.00	130.00	....	8%
July, 1921	1,000	S. W. Bell Tel...	7%	1925	102	96½	965.00	April, 1923	‡	102	1,020.00	55.00	....	7.2%
July, 1921	1,000	Chile Copper	6%	1932	110	71	710.00	April, 1927	‡	110	1,100.00	390.00	....	7.4%
July, 1921	2,000	Balt. & O. T. C..	4%	1959	102½	54	1,080.00	....	†	89⅜	1,787.50	.....	....	7.4%
July, 1921	1,000	Rep. France	7½%	1941	none	95¾	957.50	....	†	118½	1,185.00	.....	....	7.8%
Aug., 1921	1,000	B'klyn Ed. "D".	7%	1940	107½	99	990.00	Jan., 1924	‡	107½	1,075.00	85.00	....	7%
Aug., 1921	1,000	Chile Copper	6%	1932	110	68½	685.00	April, 1927	‡	110	1,100.00	415.00	....	8.7%
Oct., 1921	1,000	St. Queenl'd	7%	1941	none	101¾	1,017.50	....	†	115	1,150.00	.....	....	6.7%
Nov., 1921	1,000	Rep. Chile	8%	1941	110	101¼	1,012.25	Aug., 1928	‡	110	1,100.00	87.50	....	6.8%
Nov., 1921	200	N. Y. Tel. Co. "A"	6%	1941	105	97	194.00	....	†	108¾	217.50	.....	....	6.2%
Nov., 1921	1,000	St. San Paulo....	8%	1936	105*	99¼	992.50	....	†	107	1,070.00	.....	....	8.8%
Nov., 1921	1,000	Humble Oil	7%	1923	none	99⅞	998.75	Mar., 1922	§	101	1,010.00	11.25	....	7.7%
Nov., 1921	1,000	B'klyn Ed. "C".	7%	1930	105	106½	1,065.00	Jan., 1924	‡	105	1,050.00	.....	15.00	6.5%
Nov., 1921	1,000	Pac. Gas & El...	7%	1940	110	99	990.00	Dec., 1927	‡	110	1,100.00	110.00	....	7%
Jan., 1922	1,000	Southern Ry. ...	6½%	1956	none	94½	945.00	....	†	126½	1,265.00	.....	....	7%
Jan., 1922	1,000	Chile Copper	6%	1932	110	97⅜	973.75	April, 1927	‡	110	1,100.00	126.25	....	6.2%
Feb., 1922	1,000	S. W. Bell Tel...	7%	1925	102	95½	952.50	Mar., 1923	§	102¼	1,022.50	67.50	....	7.3%
Oct., 1922	1,000	Southern Ry.	6½%	1956	none	102	1,020.00	....	†	126½	1,265.00	.....	....	6.3%
Feb., 1924	1,000	I. E. Du Pont...	7½%	1931	107	107½	1,075.00	May, 1924	‡	107	1,070.00	.....	5.00	7%
Nov., 1924	1,000	Rep. Germany ..	7%	1949	107*	92	920.00	....	†	107⅞	1,078.75	.....	....	7.6%
Dec., 1924	5,000	Rep. France	7%	1949	105*	94	4,700.00	....	†	109⅜	5,468.75	.....	....	7.4%
Aug., 1925	1,000	Pub. Ser. N. J...	6%	1944	107½	98½	985.00	Mar., 1928	‡	107½	1,075.00	90.00	....	6.1%
July, 1925	1,000	Mop. Pacific	6%	1949	107½	101	1,010.00	Aug., 1928	‡	107½	1,075.00	65.00	....	5.9%
Jan., 1926	2,200	B'klyn U. Gas...	5½%	1936	conv.	100	2,200.00	....	†	271¾	5,967.50	.....	....	5.5%
Total, $35,400 face value.					Total cost..		$32,511.50	Total value			$41,751.00	2,662.50	20.00	7.2%

‡ Bonds called.
§ Bonds sold.
† Bonds held, at market as of March 26, 1928. } Total value.
* Callable by lot only.

Net Gain $9,239.50=28.4% capital increase over cost for all bonds.
Net gain $2,642.50=16.1% capital increase for all bonds called and sold.
7.2% average current yield for all bonds.
$260 average increase per 1,000 bond.

A Simplified Budget-On-Your-Check Book Plan for Savings

A Reader Submits His Plan with Practical Illustrations

By GEORGE CARBON WOLFE

ALL family budgets that I have seen take their examples from families living on $3,500 to $5,000 a year without regard to the man who really needs a budget the most, which is the young man starting in family life on an income from $1,800 to $2,500 a year.

I have read many of these plans but all of them seemed too elaborate for practical use or impossible for a small income. Believing a budget, however, to be the only solution for general living expenses, I have finally devised a system whereby the bank keeps my budget. One outstanding feature of this plan is that it will work out just as well in a small town with only one bank as in a larger town with many banks.

A joint checking account, a savings account and a Christmas club savings account are used. The key to the whole plan is not the joint checking account, but the fact that we (my wife and I) run four check books on this account, namely, the master check book account, the house check book account, clothing check book account (husband) and clothing check book account (wife), the first and third accounts being taken care of by myself and the second and fourth accounts by my wife. In this way my wife gets some practical experience in handling money, thus preparing her to take entire charge if the necessity should ever arise.

Since these check books are all carried on the same account in one bank we have devised a method of numbering the checks in each account in different series, for example, 1 to 500; 501 to 1,000, as shown in the accompanying table. Such a series we have found from experience to be sufficient for all checks in the respective accounts for from two to four years. The total of the balances in the four check books should be the same as the balance of the monthly statement from the bank.

At the first of each fiscal year it is decided how the monthly check will be divided for the year. I have shown in the table how we successfully budgeted a monthly salary of $200. After that is settled, it is merely necessary to make the several entries the first of each month and the plan takes care of itself, providing the expenses are kept within the set amount, but that is true of any budget.

When the monthly check is deposited, entry of the same is made on the back of the stub of the last check issued from the master check book. Then the other check books are brought out and subtractions made from the master account just as if a check were drawn. This amount is entered respectively in the other check books in the place for deposits and added to any balance that may have been in each account. The next step is to draw a check for cash on the master check account, which takes care of the monthly deposit in the savings account and the Christmas club account.

From the master check book is paid the light, telephone, coal, house rent, water bill, taxes, fire insurance, doctor fees, magazines, lodge dues and other general running expenses.

The house check book account is nothing more than a food account except that it also takes care of the cooking gas bill as well as all household supplies purchased from the grocery store. New furniture and all other household equipment is taken care of from the master check book account.

Probably from the husband's point of view the wife's clothing account is the most important because it eliminates the embarrassing demands upon him for a new dress or a new hat or whatever is wanted. After the amount is set at the beginning of the fiscal year the wife must keep within the amount agreed upon. If she is a good sport, as most loving wives are, she will do so. On the other hand, the husband must remember, that if he wants his wife to keep dressing the way she did when he courted her, that even the most economical woman can not do it on much less than $150 a year.

The husband must keep within the limits of his clothes account the same as his wife. I have found that a man who is willing to wear ready-made conservative model clothes will need at least $125 a year. It can be done on less, but he cannot dress as a young business man should.

The savings account is the key to financial inde-
(*Please turn to page* 1187)

The Check Book Budget

	Monthly	Annual
Master Check Book (numbered 1 to 500)	$102.00	$1,224.00
House check book account (numbered 501 to 1,000)	50.00	600.00
Clothing check book a/c (husband) (numbered 1,001 to 1,250)	10.50	126.00
Clothing check book a/c (wife) (numbered 1,251 to 1,500)	12.50	150.00
Christmas savings club	5.00	60.00
Savings account	20.00	240.00
Total	$200.00	$2,400.00

The Monthly Balance

(A typical entry on the stub of the master check book)

Balance	$ 55.00
Deposit 1/2/28	200.00
	255.00
House account 1/2/28	50.00
	205.00
Clothes account 1/2/28	23.00‡
	182.00
Check cash for savings account 1/2/28	25.00
Balance carried forward	$157.00

‡ Divided as shown above and entries made in respective check books.

How to Analyze Your Investment Holdings

A Series of Educational Investment Articles

Brooklyn-Manhattan Transit Corp.

$6 Cumulative Preferred Stock (No Par)

THE present shares of the Brooklyn-Manhattan Transit Corporation were created in 1923, through the reorganization of a predecessor transit company, which called for an assessment from the old shareholders and the capitalization of the new working capital through the issuance of the preferred shares described above. A sound financial structure was thus established, permitting the immediate payment of dividends on the preferred stock. Operating efficiency since 1923 led to a constant expansion of earning power for the present company and ultimately to restoration of dividends on the common stock.

The limitations of a five-cent-fare on operating income has militated against the extension of the lines operated by the company's subsidiaries into new territory and has also prevented much needed construction and improvement on the old lines. Fortunately for the company's operating position, however, the present lines serve rapidly growing sections of Brooklyn and Queens, in the City of Greater New York, and provide a steadily growing passenger traffic particularly in the subway division without a proportionate investment in new property. These operating economies expressed in terms of per share earnings on the preferred shares, show a rather striking comparison between a little less than $16 a share in 1924 and $25.45 cents a share in 1927.

On a purely statistical basis, this issue is entitled to a good investment rating. The dividend requirement is being earned more than four times over, and the market value of the junior stock of the company exceeds 50 million dollars, with the common stock on a dividend basis since 1925 and now paying $4 a share. However, political complications in the local transit situation and a recurrence of a hostile attitude by the city administration from time to time detract from its attractiveness as a strictly investment issue and accounts for the income return of close to 7% at current prices. The result of present negotiations looking forward to the acquisition by the City of New York of certain lines now operated by the company is difficult to forecast at this stage, but it does not seem likely that the present position of the company's preferred stock will be materially affected in the final outcome. In fact, the prospect of acquisition by the city, the construction of new Manhattan subway lines under Contract 4, the somewhat vague possibility of an upward revision of fares, and other factors present some arguments for a stronger market valuation for this issue, which has been recommended here, however, for income.

BYFI'S INVESTMENT SUGGESTIONS

These investment recommendations are now a regular feature for the guidance of BYFI readers. With the original selection of each issue, safety of principal has been a foremost consideration. Each issue is watched continuously, and will be replaced at any time it may become unfit for retention. Such changes will, of course, be brought to the reader's attention, if and when they occur.

THE FIRST $500	Approximate Price	Yield to Maturity
Savings banks accounts are recommended for deposits of regular savings, to yield	...	4 to 4½%
Shares of well managed Building & Loan Assn. are recommended on the monthly payment plan	...	5 to 6%
Endowment Insurance is a suitable medium for the investor and yields a return of	...	3 to 3½%
*Laclede Gas Light 1st and ref. 5½s, 1953	105	5.15%

THE NEXT $1,000		
†International Mercantile Marine 1st & Coll. 6s, 1941	105	5.40%
*Montreal Tramway gen. & ref. 5s, 1955	100	5.00%
‡†N. Y. Steam Corp. 6s, 1947	108	5.34%
†Western Pacific 1st 5s, 1946	100	5.00%

$5,000 FOR INVESTMENT	Approximate Price	Yield to Maturity
Cuba R. R. 1st 5s, 1952	99½	5.04%
Shulco Co., Inc., Guar., Ser. "B" 6½s, 1946	103	6.20%
U. S. Rubber 1st 5s, 1947	93	5.60%
West Penn Electric $7 Pfd.	114	6.10%
U. S. Smelting & Ref. $3½ Pfd.	53	6.60%
American Sugar Refining $7 Pfd.	107	6.55%

THE NEXT $5,000		
Seaboard Air Line 1st Cons. 6s, 1945	88	7.12%
Nassau Electric 4s, 1951	61	7.62%
Western Maryland 1st 4s, 1952	85	5.06%
Brooklyn-Man. Tr. $6 Pfd.	92	6.50%
International Paper, $7 Pfd.	106	6.55%
‡American Tel. & Tel. common ($9)	181	5.00%

* Available in $100 units. † Available in $500 units.
‡ Recommended to hold only.

DOLLARS LOANED ARE GOODS SOLD

(Continued from page 1121)

everybody knew what we were going to say when they saw us coming. Along came the war with its insistent demand for the best of everything. Millions of tons of thousands of sorts of goods to be compressed into limited shipping space of impatient transports —and the fate of battles hanging on some packing job in Oklahoma, say. We learned packing then and there, and we haven't anything to learn about it now from our competitors. In fact our packing has become standard for train, ship, camel, pack-mule sledge or airplane.

How do our people learn about foreign trade and how to pry into it?

Well, there's the well-known Department of Commerce, picketing the world and ready, hat in hand, to tell the humblest American would-be exporter all it knows—and doing it ten thousand times a day. The route to foreign trade success is all mapped and traffic-signaled and policed, clear from home backwoods to far hinterland. Consult indices and tables of contents and go to it.

There are forty or fifty foreign trade schools or courses in as many colleges and universities pouring a steady stream of young men, well based in the book learning of foreign commerce and familiar with one or more foreign languages, into the export houses. The great corporations, old and new, that have successfully invaded over-seas trade, are training thousands yearly.

Our banks reach out, with their American facilities for Americans, hot on the trail of the travelling dollar. We are forever worrying about our shipping in foreign trade, but it's two or three times as great as before the war; and after interminable muddling we shall doubtless hit upon a plan to keep our fair share of the shipping trade. Taking the shipping situation at the worst, the muddling years have at least given us a host of men trained in the intricacies of what was once a mystery reserved only for the understanding of foreigners.

Now, some more highly polished ice on our toboggan slide to expanded foreign trade is this factor of stabilization. Economics has been called the gloomy science; and it certainly distinguished itself in the field of gloom for several years after the war. I recall that one very young and equally gloomy economist, syndicated through a very serious syndicate some thirty-five articles to prove that Europe was "through"—and he refused to let anybody or anything come to the rescue; it was ruin for the old world, utter, inevitable, irrevocable. Already Europe is restored, and there is nothing more certain than that she confronts a better age than any she has had. A recent survey shows that after one of the roughest financial lustrums of centuries the currencies of Europe are 96% stable; six years ago the percentage was only 57. Stabilization has come but not until many years of cheap money had liberalized spending habits, and established higher consumption standards. Europe has the will to a better physical life. Illustration: Last year Europe took $104,000,000 worth of our auto products, against a former $8,000,000. Another: Europe dotes on raisins. Once it got along with $900,000 worth of our raisins yearly, now it takes $7,000,000 worth.

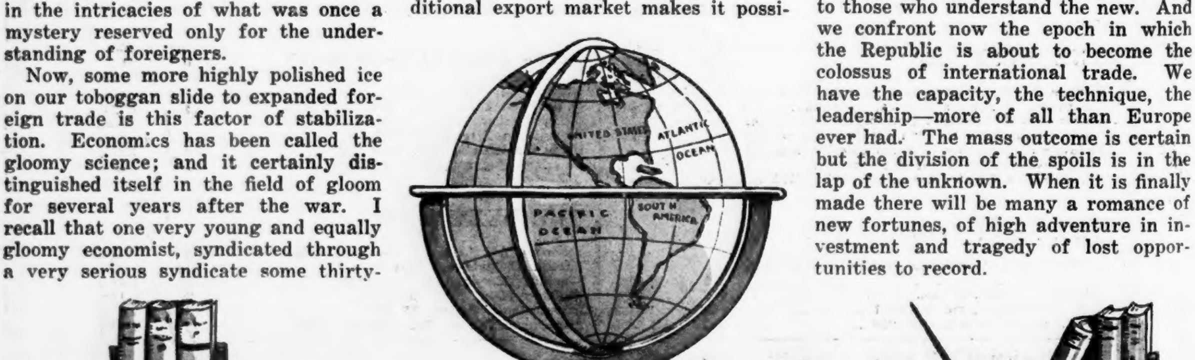
But won't our increased exports compel imports? Well, what of it. As economic animals what do we live for but to consume freely? Isn't that why we—anybody—sell? Actually, we are buying more and more European manufactured goods—but largely of the things that Europe likes to make and that we don't care to bother with. There is no menace to our industrial integrity in present imports. We do not want imports that strike at the roots of our great industries—and we are not getting them. As for the growth of imports of raw materials, the exports that respond are precisely from our characteristic and fundamental industries. In the long run we export to import, just as the individual sells his goods or his services to get the other fellow's. We sell what we want to sell and we buy what we want —not what we don't want.

In many cases the further development and conversion of our own resources into wealth depends upon foreign trade. Our resources are so immense and so varied that we cannot consume them directly at home. To employ our coal, timber, cotton, agricultural products and water power only to meet our primary needs would be inadequate and wasteful. The additional export market makes it possible for us to apply our energy and our resources by providing outlets for surplus products and giving a backlog to mass production. Again, foreign trade means luxury—opportunities to turn our wealth into enjoyment. Our high plane of living requires exotic materials and articles, both in quality and quantity. We demand goods in thousands of varieties; no number of domestic factories can give us all just what fancy calls for; no possibility of American agriculture can meet our multitudinous tastes in all respects. Besides, our exports pay our many and great service bills due to foreigners, add to the foundations of the credit structure we are building throughout the world, buy our steamship tickets, pay our foreign travel expenses and are generally the door to enjoyment and knowledge of the whole world beyond the seas.

Now here we are with a great trade that is compelled because we are rich, extensive lenders, and mighty producers. Are we going to make the most of it, and who among us are going to profit most from it? Our weak spot is that too many of our exporters treat foreign trade as a little emergency outlet affair. If times are a bit dull at home we tear our shirts off to get foreign orders. Then when business speeds up under the stars-and-stripes we lightly throw the foreign customer overboard. We suddenly jilt what we wooed ardently, and nonchalantly ignore what we vehemently sought. We squander good-will and offend good customers.

The fault of this inconstancy is not that of our export managers, but of our top-executives. And it is a grievous fault. We have at hand a stabilizer of trade. We put it out of commission when we don't need it, and it isn't ready when we need it. And right here is where some of our industrial captains are going to lose out. They'll find some day, when they rush for foreign trade, that the other fellow has it. I venture to say that when the roll of great corporations is engrossed a decade hence there will be some thereon that are unknown today and some absent that are now famous.

The fortunes of every new epoch are to those who understand the new. And we confront now the epoch in which the Republic is about to become the colossus of international trade. We have the capacity, the technique, the leadership—more of all than Europe ever had. The mass outcome is certain but the division of the spoils is in the lap of the unknown. When it is finally made there will be many a romance of new fortunes, of high adventure in investment and tragedy of lost opportunities to record.



·SERVICE·SECTION·

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousand currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

SHELL UNION OIL

Because of the apparent change in the oil situation, I am thinking of buying 100 shares of Shell Union around current prices, because the company came so well through the bad depression in the industry. I am already a stockholder with 100 shares that cost me $17 in 1923. —M. S. F., San Francisco, Cal.

If the failure of the shares to gain substantially in value during the near future would not be a disappointment to you, we would offer no objection to an additional commitment in Shell Union Oil Common stock. While it is quite likely that earnings for 1927, after all deductions, will not cover the present $1.40 dividend, we feel that there is at least an even chance that the present rate will be continued. Financing last year provided for the retirement of the preferred shares and additional working capital, and at last reports net current assets were in excess of $87,000,000 with over 60% represented by cash and call loans. Shell Union is the third largest oil producer in the country and is engaged in all phases of the industry. Continued expansion in refining and marketing facilities has served to round out the company into a thoroughly integrated unit. The possibility of any substantial correction in the oil situation still seems some time ahead but if the present situation becomes no worse, increased consumption of gasoline at higher prices this summer should enable the large marketing companies, of which Shell Union is assuredly one, to register some improvement in earnings. The shares, however, appear to best advantage when viewed from the standpoint of somewhat longer range prospects.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1 ***Be Brief.***
2 ***Confine requests for an opinion to three securities.***
3 ***Write name and address plainly.***

ST. LOUIS-SAN FRANCISCO RWY.

In 1925 I traded in St. Louis-San Francisco common at various prices, finally taking up my stock. In figuring my profits it stands me less than $50 a share on which I am getting $8 in dividends a share, but I did not subscribe to the additional stock last year. What do you think of the outlook for the stock now in view of the change in the capitalization situation?—R. O. S., Worcester, Mass.

St. Louis-San Francisco reported earnings last year equal to $10.60 per share on 654,249 shares of common stock, as compared with $14.17 on 502,783 shares in 1926. The indicated margin of safety for present $8 dividend is not as wide as in the case of many rail issues of established investment merit but in compensation therefor the common stock affords a return, which in comparison with numerous rail and industrial shares, is decidedly liberal. Dividends, in our opinion, are to be regarded as safe and several outstanding factors would appear to substantiate that contention as a fact. Recent financing has had the effect of reducing prior charges about $500,000; the recent increase in the dividends payable on Chicago Rock Island and Pacific R. R. common stock will increase Frisco's income by $183,333; there will be no necessity to spend over $560,000 for flood costs this year; and increased mileage should add about $200,000 to net. On that basis, and barring unforeseen developments, direct earnings, this year should be about $2 per share more than in 1927. Indirect earnings as represented by the road's equity in Rock Island's undistributed earnings would bring the total close to $14.50 per share. We believe, in the light of the foregoing, that a constructive attitude is justified and we would be willing to advise retention, and if you desire to do so, we would endorse additional commitments.

S. S. KRESGE

At your suggestion I held on to my stock in The S. S. Kresge Company last year when it declined below 50. I now have a profit instead of a loss, and would appreciate your further comment.—O. T. S., Sacramento, Cal.

Continuing its record of consistent yearly expansion, both in sales volume and net earnings, since inception in its present form in 1916, S. S. Kresge reported sales in the full 1927 year totalling $133,766,000, or about 12½ higher than 1926. Earnings in the late year equalled $3.76 a common share against $3.36 a share in the previous year. Further expansion is indicated in the current year, although not likely to be as pronounced as in 1927. Financial position is strong, latest balance sheet

(Please turn to page 1164)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect

TIDE WATER ASSOCIATED OIL CO.

(*Continued from page* 1143)

share of these dividends, based on its approximate ownership of 94% of the capital stock of Associated Oil Co. and 78% of the common stock of Tide Water Oil Co., amounts to $5,652,574 annually. This more than covers the annual dividend requirements on Tide Water Associated 6% preferred stock, based on 727,509 shares of $100 par value outstanding, or an annual total of $4,365,054.

The preferred stock is entitled to cumulative dividends at the rate of 6% and may be redeemed in whole or in part on any quarterly dividend payment date, at the option of the board of directors, upon not less than 60 days' prior notice, by payment in cash of 105% of the par amount plus accrued dividends. The preferred is also convertible into common stock at any time on or prior to July 1, 1936, at its par value at the price of $50 per share, on the basis of one share of common stock for each $50 of par value of the preferred. The common stock has no par value.

Net earnings of Tide Water Associated Oil Co. for the full year 1927 after all charges amounted to $5,345,872, equivalent to $7.34 a share on the 727,244 shares of $100 par value preferred stock, or equivalent to 20 cents a share on the 4,776,323 shares of common stock after payment of preferred dividends.

It is believed that in view of the unfavorable position of the petroleum industry in the last few years, Tide Water Associated Oil Co. has not had an opportunity to show its latent earning power. This belief is substantiated by the record of Tide Water Oil Co. and Associated Oil Co. in recent years, as shown in the following table, giving combined net earnings of the two companies. It must be remembered Tide Water Associated's interest in Associated Oil amounts to 94% and in Tide Water 78%.

	Net Earnings
*1927	$5,345,872
1926	13,388,527
1925	16,452,502
1924	10,303,742
1920	17,913,720

*Actual Tide Water Associated net.

There is every reason to believe both companies could equal or exceed their best earnings records in a favorable oil year, especially since both have increased their total volume of business materially. The preferred stock of Tide Water Associated Oil, while speculative, has possibilities of appreciation in market value for this reason, and in addition it has an attractive conversion feature.

The market ranges of the common and preferred stock of Tide Water

Associated Oil Co. are shown in the following table:

	Preferred	Common
1928:		
High	87¾	17¼
Low	81⅞	14⅜
1927:		
High	90¾	19⅝
Low	85	15⅝
1926:		
High	99½	27
Low	93¾	20⅞

Based on average prices on the New York Stock Exchange during 1928, Tide Water Associated Oil Co. securities had an aggregate market value of $76,421,168 for 4,776,323 shares of common stock outstanding and $61,838,665 for the 727,509 shares of preferred, or a total of $138,399,404.

The company has no funded debt. Associated Oil Co. has $18,989,000 6% gold notes, due September 1, 1935, while Tide Water Associated Transport Corp. has $3,010,000 first lien 10-year marine equipment 5% sinking fund gold bonds, due February 15, 1937. Tide Water Oil Co. has no funded debt. Its $20,705,200 cumulative 5% convertible preferred stock is listed in the balance sheet of Tide Water Associated Oil Co. as of December 31, 1926, under liabilities, as part of the item "minority interest in subsidiaries."

In estimating the future of Tide Water Associated Oil Co. the following facts should be noted:

Soundness of the company's position as an integral part of the oil industry.

Demonstrated progressive and conservative management.

Favorable working capital position.

Large inventories of light crude oil.

These factors must be considered in connection with the possible future trend of crude and refined oil prices, predictions concerning which are necessarily hazardous.

The preferred stock, while speculative, should work out satisfactorily over a long pull. The common stock, too, possesses possibilities, but necessarily of a longer range character than the preferred stock.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock of Record	Date Payable
$2.00	Am. Can. com	$0.50	Q	4-30	5-15
3.00	Arch-Dan'ls-Mid. com.	0.75	Q	4-20	5-1
7.00	Arch-Dan-Mid. pf	1.75	Q	4-20	5-1
2.00	Beld'g Heminway	0.50	Q	4-20	5-1
4.00	Buckeye P. L.	1.00	Q	4-23	6-15
——	Buckeye P. L.	1.00	Ext	4-23	6-15
3.00	Chicago Yellow Cab	0.25	M	4-20	5-1
6%	Cudahy Pkg. 6% pf	3%	SA	4-21	5-1
7%	Cudahy Pkg. 7% pf	3½%	SA	4-21	5-1
1.00	Independent O. & G.	0.25	Q	4-23	5-7
2.40	Intern'l Paper	0.60	Q	5-1	5-15
7.00	Kelsey Hayes Wh'l pf	1.75	Q	4-20	5-1
3.60	Liquid Carbonic	0.90	Q	4-20	5-1
5.00	R. H. Macy & Co.	1.25	Q	4-23	5-15
7.00	Middle W. Util's com.	1.75	Q	4-30	5-15
7.00	National Radiator pf.	1.75	Q	4-20	5-1
7%	Phillips-Jones pf	1¾%	Q	4-20	5-1
6%	Quaker Oats pf	1½%	Q	5-1	5-31
6%	Savage Arms 2d pf	1½%	Q	5-1	5-15
3.60	J. R. Thompson Co.	0.30	M	4-23	5-1
3.00	Wm. Wrigley Jr. Co.	0.25	M	4-20	5-1

46½ Points Net Profit April 1 to 18

	Points Profit
Gulf States Steel	11½
Schulte Retail Stores	10
U. S. Realty & Improvement	10
Texas Corporation	9
Lone Star Gas	7½
Bethlehem Steel	4½
Hartman, Class A	1
Total	53½

Only one loss was taken—on Ward Baking B which was switched at 24 into Glidden at 24, the loss on Ward B being 7 points.

330 Points Net Profit
January 1 to April 18 This Year

Our subscribers have taken an average monthly net profit of 95 points so far this year. During 1927 the total net profit amounted to 939 points—an average of more than 78 points a month. The consistent success of the Forecast is due to the intensive study which our experts devote to security values and technical market problems. The profits demonstrate the accuracy of the principles upon which the advices are based.

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SUBSCRIBING to The Investment and Business Forecast *now* may net you thousands of dollars within the next six months. Put our corps of market experts to work for you—let them seek out the opportunities, analyze conditions, weigh the possibilities and —once a recommendation is made—study daily the action of the security until the time comes to close it out.

The opportunity of placing a six months' test subscription at $75—*a saving of $25 from the regular semi-annual price*—comes at a particularly opportune time because *there are many unusual profit opportunities still open in the present phase of the market.*

Mail the coupon below at once and we will:

(a) Telegraph or cable you immediately three to five stocks in the best position to buy at the market when this wire is dispatched to you;

(b) send you the regular weekly and all special issues and recommendations of The Investment and Business Forecast for six months, summarizing by wire or cable the important buying and selling advices:

(c) analyze your present and contemplated holdings at any time during the entire life of your subscription and tell you what to do with each security you own;

(d) wire you within the next six weeks (in addition to the regular and special advices of the Forecast) individual profit recommendations covering three stocks of which we will keep a card index record and advise you by personal telegram or cable when to close them out. We endeavor to send only one of these recommendations at a time.

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April 21

I enclose $75 to cover my test subscription to The Investment and Business Forecast for the next six months. I understand that I am entitled to all the privileges outlined above.

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☐Wire me collect upon receipt of this coupon, three to five stocks to buy at the market.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1927 High	Low	1928 High	Low	Last Sale 4/11/28	Div'd $ Per Share
Atchison	125⅝	90¼	111¼	70	200	91¾	195¾	182⅜	193¼	10
Do Pfd	106¾	96	102⅛	75	106¾	72	108½	102½	108	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	186¼	167	182	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	125	27⅝	119¾	109	119½	6
Do Pfd.	96	77¼	80	48¼	83	38⅛	85	80	†83⅜	4
B'klyn-Man. Transit	..	..	..	..	77⅞	9¼	74	53⅜	73½	4
Do Pfd.	..	..	..	..	89¾	31⅜	91⅞	82	91¾	6
Canadian Pacific	283	165	220⅛	126	219	101	216⅞	198	212	10
Chesapeake & Ohio	92	51⅛	71	35⅝	218½	46	205¼	185⅞	199½	10
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	35⅞	22¼	34½	..
Do Pfd.	181	130½	143	62½	76	7	48⅜	37	46½	..
Chi. & Northwestern	198½	123	186⅞	35	105	45⅞	88¾	79¼	88	4
Chicago, R. I. & Pacific	..	..	45¾	16	116	19⅛	117⅝	106	115½	6
Do 7% Pfd.	..	..	94¾	44	111¾	64	110⅜	106¼	109	7
Do 6% Pfd.	..	..	80	35¾	104	54	103	100	†102⅛	6
Delaware & Hudson	200	147½	159½	87	230	83¼	188	163¼	182¼	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	150	129	146¼	7
Erie	61¼	33½	59½	18¾	69¾	7	66½	49⅝	59	..
Do 1st Pfd.	49¾	26¼	54¾	15⅛	66¼	11⅛	63⅞	54	58	..
Do 2nd Pfd.	89⅛	19½	45⅝	13⅛	64½	7⅛	62	52½	†55½	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	103⅞	50⅝	103	93½	100¾	5
Hudson & Manhattan	..	..	..	..	65⅞	20⅝	61¾	51	58	2½
Illinois Central	162⅛	102¾	115	85¾	139⅜	80⅞	144⅜	131¾	141	7
Interborough Rap. Transit	..	..	..	..	53¾	9½	55	29	53¼	..
Kansas City Southern	50¼	21⅜	35⅛	13½	70⅛	13⅛	63⅛	49¼	59½	..
Do Pfd.	75½	56	65½	40	73½	40	75¾	70	75⅜	4
Lehigh Valley	121¼	62½	87⅛	50⅜	137½	39½	100¾	84⅛	100⅜	3½
Louisville & Nashville	170	121	141⅞	103	159⅛	84¾	155	145¼	151	7
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	56½	*¾	41½	33⅛	38⅛	..
Do Pfd.	*78¼	*46	*60	*6⅛	109⅛	*2	109	105⅛	105¾	7
Missouri Pacific	*77⅛	*21⅛	38⅛	19⅞	62	8¼	54⅜	41⅞	53⅛	..
Do Pfd.	..	..	64⅞	37½	118⅝*	22¼	115⅝	105	113⅝	..
N. Y. Central	147¾	90⅜	114¼	62½	171½	64⅛	181½	156	181¼	8
N. Y., Chi. & St. Louis	109¾	90	90¾	55	204½	23¾	141¾	128	140	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	63⅜	9⅝	67⅝	59⅝	63¼	1
N. Y., Ontario & W.	55⅜	25⅛	35	17	41¾	14¼	32¾	24	30	..
Norfolk & Western	119¼	84¼	147⅛	92⅝	202	84¼	192	177¾	190	‡8
Northern Pacific	150½	101¾	118⅞	75	102⅛	47⅞	101½	92⅜	100⅜	5
Pennsylvania	75⅝	53	61½	40¼	68	32¼	70⅜	63	69½	3½
Pere Marquette	*36½	*15	38⅛	9⅛	140¾	12⅛	146	124⅞	142½	8
Pittsburgh & W. Va	..	..	40⅜	17¾	174	21⅛	161	121¼	152	6
Reading	89⅝	59	115⅛	60⅛	123¾	51⅞	115	94¼	112	‡4
Do 1st Pfd.	46¾	41¼	46	34	61	32⅞	44	42⅛	†44⅛	2
Do 2nd Pfd.	58¾	42	52	33¾	*65	32⅛	46⅛	44	45¼	2
St. Louis-San Fran.	*74	*13	50½	21	117¼	10¾	122	109	119½	8
St. Louis-Southwestern	40⅜	18½	32⅛	11	93	10⅞	85⅞	67½	84⅜	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	30½	11⅝	19⅜	..
Do Pfd.	56½	23½	58	15⅛	51½	3	38	19½	24	..
Southern Pacific	139⅛	83	110	75¾	126⅞	67½	124	117⅝	123	6
Southern Railway	34	18	36¾	12½	149	24¾	150⅜	139⅛	148	8
Do Pfd.	86⅞	43	85¼	42	101⅛	42	102¼	98⅛	101¼	5
Texas & Pacific	40½	10¼	29½	6½	103⅞	14	141½	99⅛	137⅛	..
Union Pacific	219	137¾	164⅜	101¼	197¾	110	199	186⅛	197¼	10
Do Pfd.	118½	79¾	86	69	85½	6¼	87¼	83	86¾	4
Wabash	*27⅞	*2	17⅛	7	81	6	84⅜	51	87¾	..
Do Pfd. A	*61¾	*6⅛	60⅛	30⅞	101	17	99½	88⅛	99½	5
Do Pfd. B	..	..	32⅞	18	98	12¼	92½	87	†91	5
Western Maryland	*56	*40	23	9¼	67⅞	8	51⅞	31¾	50⅛	..
Do 2nd Pfd.	*88¼	*53½	*58	20	67½	11	53	33½	51	..
Western Pacific	..	..	25½	11	47½	12	37½	28¼	37	..
Do Pfd.	..	..	64	35	86½	51½	62½	57⅛	61½	..
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	130	6	72	67	†67	..
Do Pfd.	..	..	50⅝	16⅝	97	9¼	77	71	†70	..

INDUSTRIALS

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1927 High	Low	1928 High	Low	Last Sale 4/11/28	Div'd $ Per Share
Adams Express	270	90	154⅛	42	210	22	311¼	195	278¼	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	14⅜	9⅝	10½	..
Allied Chem. & Dye	..	..	..	..	169¼	34	164⅞	146	160½	6
Do Pfd.	..	..	..	..	124	83	125¾	122	†123	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	118¾	26⅛	127⅝	115⅛	123	6
Am. Agric. Chem.	63⅝	33⅛	106	47¾	113¾	7⅛	21⅞	15⅝	20⅛	..
Do Pfd.	105	90	103⅛	89⅛	103	18	74⅞	55⅜	72	..
Am. Beet Sugar	77	19¾	108½	19	103¾	15⅛	17⅞	14⅞	†14½	..
Am. Bosch Magneto	..	..	..	..	143⅞	13	28⅜	15⅜	27¼	..
Am. Can.	47⅜	6⅞	63⅛	19¼	*344½	*21¾	88⅛	70½	86½	2
Do Pfd.	129¼	98	114½	80	141¾	72	146⅝	136¾	146⅝	7
Am. Car & Foundry	76½	36½	98	40	*201	97⅛	111½	104	105¼	6
Do Pfd.	124¾	107⅛	119½	100	134¾	105¾	137½	130⅝	†136½	7
Am. Express	300	94¾	140½	77½	183	76½	195	169	†179	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	15⅜	10¾	14	..
Do Pfd.	57⅞	15⅛	94⅞	10	142⅜	29⅜	67⅜	51	56	..
Am. Ice	..	..	49	8⅞	*139	25¾	37⅞	28	37½	2½
Am. International	..	..	62¾	12	132¼	17	101¾	71	96	2
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	102⅞	86½	102⅛	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	115	107⅛	108	8
Do Pfd.	122	75	109	93	127	96½	134	125⅛	†131	7
Am. Metal	..	..	..	..	67⅜	36⅛	46½	39	44⅜	3
Am. Radiator	*500	*200	*445	*235	*345	64	152¾	130⅛	151½	5
Am. Safety Razor	..	..	..	..	76¾	*3⅛	66¼	56	64⅞	4
Am. Ship & Commerce	..	..	..	..	47⅛	2⅛	5⅜	3⅞	4½	..
Am. Smelt. & Ref.	105⅛	56⅝	123¾	50¼	188¾	29¼	192¾	169	187¼	8
Do Pfd.	74⅛	24⅛	95	44	133	18	140⅝	131	140⅛	7

Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period 1909-1913 High	Low	War Period 1914-1918 High	Low	Post-War Period 1919-1927 High	Low	1928 High	Low	Last Sale 4/11/28	Div'd $ Per Share
Am. Steel Foundries	116¾	98¼	118⅞	97	122⅜	41½	70⅜	53⅞	66	3
Do Pfd.	..	..	..	..	115	78	115	112	†112	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	143⅜	36	78¼	55	71⅝	..
Do Pfd.	133½	110	123½	106	119	67½	110¼	100	107¾	7
Am. Tel. & Tel.	153⅜	101	134½	90⅝	185½	92⅛	182⅜	176½	181⅜	9
Am. Tobacco	*530	*200	*256	*123	*314½	82½	176	156⅜	169¼	8
Do Com. B.	..	..	..	..	*210	81¼	177	156½	170	8
Am. Water Works & Elec.	..	..	..	..	*144	*4	61	52½	58	‡1
Am. Woolen	40⅝	15	60⅞	12	169½	16½	24¾	20⅛	22⅜	..
Do Pfd.	107¾	74	102	72½	111⅞	46⅞	62¼	49⅞	55⅝	..
Anaconda Copper	54⅜	27⅛	105⅜	24¼	77⅞	28½	72⅞	54¾	70⅝	3
Associated Dry Goods	..	..	28	10	140½	39½	48¾	41¼	43¾	2½
Do 1st Pfd.	..	..	75	50½	112	49⅞	113⅞	108	†112	6
Do 2nd Pfd.	..	..	49½	35	114	38	119½	114	†114	7
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	45⅝	37⅛	43⅞	..
Do Pfd.	32	10	74¾	9⅞	76½	6¾	56	38	47	3
Atlantic Refining	..	..	..	..	*1575	78½	124⅝	95¾	124	4
Austin Nichols	..	..	..	..	40⅜	4¼	6½	4	6⅜	..
Do Pfd.	..	..	..	..	95	23½	39	26	34½	..
Baldwin Locomotive	60¾	36½	154½	26⅝	265¾	62¼	285	242	270	7
Do Pfd.	107½	100¼	114	90	125¼	92	124¾	110	124¾	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	65	55½	64⅞	..
Do 7% Pfd.	80	47	186	68	108	78	121¼	119	120¾	7
Brooklyn Edison Electric	134	123	131	87	225	82	259½	206¾	259	8
Brooklyn Union Gas	164½	118	138¾	78	157½	41	156¼	145	149⅞	5
Burns Brothers	45	41	161½	50	147	76	101	93½	98⅞	8
Do B.	..	..	..	..	53	16¼	21	15⅞	†19½	..
Butte & Superior	..	..	105¼	12¼	37⅞	6½	12⅜	9	10¾	2
California Packing	..	..	50	30	*179½	48¼	79½	71⅝	76½	4
California Petroleum	72½	16	42⅝	8	*71⅞	15⅜	27⅞	24	27⅜	1
Cerro de Pasco Copper	..	..	55	25	73½	23	69⅞	61½	68¼	4
Chile Copper	..	..	39¼	11¼	44⅜	7	42⅞	37⅜	42⅛	2½
Chrysler Corp.	..	..	..	..	*253	38½	73	54¾	71⅞	3
Do Pfd.	..	..	..	..	116	100½	117	113⅝	†115½	8
Coca Cola	..	..	..	..	177¾	18	160⅞	127	159½	5
Colorado Fuel & Iron	53	22½	66½	20½	96⅜	20	84½	66½	78½	..
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30¼	97⅜	89½	96⅝	5
Congoleum-Nairn	..	..	..	*184⅜	*184⅜	12½	29½	23⅜	27	..
Consolidated Cigar	..	..	..	..	87¼	11⅜	88½	79½	86¼	..
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	149¾	119⅜	147¼	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	113¾	80¼	112	5
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	79⅜	64⅜	76⅝	3
Do Pfd.	98½	61	113½	58⅛	142¼	96	146¾	138½	†146	7
Crucible Steel	19⅝	6½	109⅞	12¼	*278½	48	93	83⅝	89½	6
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	4⅞	7¼	5½	6¼	..
Do Pfd.	..	..	100½	77¼	87	13⅛	32¾	24	26	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	23¾	19⅛	21	1
Cuyamel Fruit	..	..	..	..	74½	30	55¾	51	55	..
Davison Chemical	..	..	..	..	81¼	20⅜	46⅝	44⅜	44⅞	..
Dupont de Nemours	..	..	..	..	*360	105	395	310	383½	10
Eastman Kodak	*No Sales		*605	*690	*690	70	180	163	174	8
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	83¼	69	81	5
Endicott-Johnson	..	..	..	..	150	44	83⅛	75¾	82	5
Do Pfd.	..	..	..	..	125	84	124¾	121¼	†125	7
Fisk Rubber	..	..	..	..	55	5½	17¾	14½	15¾	..
Do 1st Pfd.	..	..	..	..	116½	38⅛	91½	82	84	7
Fleischmann Co.	..	..	..	..	*171½	46⅛	74½	66	73½	3
Foundation Co.	..	..	..	..	183¾	35½	51¾	43	†43½	..
Freeport-Texas	..	..	70½	25¾	106½	7½	109¼	65⅝	84½	‡4
General Asphalt	42⅞	15⅛	39⅜	14¼	160	28	93¼	71¼	88⅜	..
General Cigar	..	..	..	..	*115¼	46	75⅜	67	70¼	4
General Electric	188½	129¾	187¼	118	*386½	81	161½	124	154	‡5
General Motors	*51¾	*25	*850	*74½	*282	*8⅛	199	130	196	5
Do 7% Pfd.	..	..	..	125¾	125¾	95⅛	127	133½	126½	7
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	96½	17	99⅜	78¼	84¾	4
Do Pfd.	109¾	73⅜	116¾	79⅞	111½	62½	115	109½	114	7
Goodyear T. & R. Pfd.	..	..	..	..	72½	5	72½	50⅛	53⅞	..
Do Pfd.	..	..	..	..	99⅛	92½	99½	92½	95¼	7
Granby Consolidated	78¼	26	120	58	80	12	51⅜	39⅛	50	1
Great Northern Ore Ctfs.	88½	25⅛	50⅜	22½	52¾	18	25	21¼	21½	1½
Gulf States Steel	..	..	137	58¾	104⅝	25	62¾	51	61¾	..
Houston Oil	25½	8	86	10	175¾	40½	167	127	156¼	..
Hudson Motor Car	..	..	..	..	139½	19½	99⅞	75	93¼	5
Hupp Motor Car	..	..	11	2½	36¼	4⅝	61	29	53⅞	1.40
Inland Steel	..	..	..	..	62⅜	31⅛	63	46	54½	‡2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	20¾	24	18	23	..
Inter. Business Mach.	..	..	52⅝	24	*176¼	28¾	147¾	114	127½	5
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	55⅞	45¼	51	2
Inter. Harvester	..	..	121	104	255⅝	66¾	260	224¾	248½	‡6
Inter. Mercl. Marine	9	2⅛	50⅝	⅝	67¾	3½	5⅜	3¾	4¾	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	44⅝	34¼	41	..
Inter. Nickel	*227¼	*135	57½	24½	89½	24¼	99¾	73⅝	93	2
Inter. Paper	19¾	6⅛	75⅛	9½	91¾	27⅞	80½	67⅛	78	2.40
Kelly-Springfield Tire	..	..	85	36⅞	164	9	27⅜	15	28	..
Do 8% Pfd.	..	..	101	72	110	33	84	55¼	†67	..
Kennecott Copper	..	..	64¼	25	90⅜	14⅝	89¼	80⅛	86½	5
Kinney (G. R.) Co.	..	..	..	..	103	19¾	50	38½	48	..
Lima Locomotive	..	..	..	..	76⅜	49	65¼	53	56	4
Loew's Inc.	..	..	..	..	63⅞	10	72¾	57	70⅝	3
Loft, Inc.	..	..	..	..	28	5	7¾	5¾	6⅛	..
Lorillard (P.) Co.	*215¼	*150	*239⅞	*144½	*245	23½	44	35⅞	42½	..
Mack Trucks	..	..	..	..	242	25½	107⅞	88¼	90⅝	6
Magma Copper	..	..	..	..	58¾	26⅛	56½	43¾	49⅞	3
Mallinson & Co.	..	..	..	..	45	8	28¼	16	28¼	..
Maracaibo Oil Explor.	..	..	..	..	37½	12	18½	12½	16	..
Marland Oil	..	..	..	..	63⅜	12⅛	41⅜	33	40½	..
May Department Stores	*88	*65	*97⅛	*35	*174¾	*60	85⅜	78	82⅞	4
Mexican Seaboard Oil	..	..	..	..	34½	3	20¼	4⅝	17½	..
Miami Copper	30¼	12¾	49¾	16½	32¾	8	19⅞	17¾	19½	1½
Montgomery Ward	..	..	..	..	123⅛	12	158½	117	144¼	5
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	182	162¼	173½	‡6
National Dairy Prod.	..	..	..	..	87⅞	30⅛	81½	64½	81¼	8

New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1927 High	Post-War Period 1919-1927 Low	1928 High	1928 Low	Last Sale 4/11/28	Div'd $ Per Share
National Enam. & Stamp	30¼	9	54⅛	9	89⅛	18½	35⅛	23¼	34½	..
National Lead	91	42½	74⅝	44	*202¾	63⅛	136	123	129½	5
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	50½	42½	45⅝	3
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	64¼	52	54¾	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	67	58⅝	66¼	§10%
Do Pfd.	..	..	..	..	55	31⅞	55	53¼	†53¾	3
Packard Motor Car	..	..	..	..	62	9⅞	73	56¼	70⅞	3
Pan.-Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	46⅜	38¼	46¼	..
Do Class B	..	..	..	..	111¾	34⅛	46¾	37¾	46	..
Paramount-Fam. Players Lasky	...	..	..	..	127½	40	122	111¼	121½	8
Philadelphia Co.	59	37	48⅞	21½	153½	26½	163	145	155	‡4
Phila. & Reading C. & I.	..	..	..	..	54¼	34½	39¾	28¼	32⅝	..
Phillips Petroleum	..	..	..	..	69⅝	16	43½	35¼	40¾	1½
Pierce-Arrow	..	..	65	25	99	6⅛	15⅝	10½	12⅞	..
Do Pfd.	..	..	109	88	127¼	13½	53½	39⅞	44¼	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	29	53½	41¼	47¾	..
Postum Co.	..	..	..	..	*134	*47	129⅝	118	124⅜	5
Pressed Steel Car	56	18½	88	17¼	113¾	34⅛	26⅞	22	†22¼	..
Do Pfd.	112	88½	109⅛	69	106	67	88	75	77	7
Pub. Serv. N. J.	..	..	..	..	*98⅞	*209	54	41½	53⅜	2
Pullman Company	200	149	177	106½	199½	*87¼	88¾	79½	86	4
Punta Alegre Sugar	..	..	51	29	120	24¾	34⅞	28⅛	30¾	..
Pure Oil	..	..	143⅞	81⅞	61⅞	16¼	27½	19	23¾	.50
Radio Corp. of America	..	..	..	..	101	25⅞	196½	85¼	177½	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	69¾	56	63¼	4
Do Pfd.	111¼	64½	112⅝	72	106¾	74	112	105	108	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	48¾	44⅝	45½	1.343
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	75⅜	60⅝	71	4
Schulte Retail Stores	..	..	..	..	*134⅞	47	66½	49⅞	66	3½
Sears, Roebuck & Co.	*124¾	*101	*233	*120	*243	51	110½	82⅛	103⅞	2½
Shell Trans. & Trading	..	..	..	..	90¼	29½	44	39⅜	†42¾	.97
Shell Union Oil	..	..	..	..	31¾	12⅛	27½	23¼	27½	1.40
Simmons Company	..	..	..	..	64¾	22	73	58⅛	68⅞	3
Simms Petroleum	..	..	..	..	28½	6½	25¼	18⅛	23⅜	..
Sinclair Consol. Oil	..	..	67⅛	25¼	64⅛	15	29⅝	17⅜	27¾	..
Skelly Oil	..	..	..	..	37⅛	8⅝	31½	25	31¼	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19⅛	143½	32⅛	134	116½	123¼	6
Standard Oil of Calif.	..	..	..	..	*135	47½	59⅜	53	58⅞	2½
Standard Oil of N. J.	*483	*322	*800	*355	*212	30⅞	41½	37¾	40¾	1½
Stewart-Warner Speed.	..	..	*100½	*43	*181	21	93⅛	77¼	90⅝	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	63½	44	62	2
Studebaker Company	49½	15¾	195	20	*151	30½	69½	57	66¾	5
Do Pfd.	98⅛	64½	119½	70	125	76	126½	121½	†125	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	12	10½	11⅞	.50
Texas Company	144	74½	243	112	58	29	55⅜	50	55⅛	3
Texas Gulf Sulphur	..	..	..	..	*184	32⅝	80⅝	68⅛	74⅞	4
Tex. & Pac. Coal & Oil	..	..	..	..	*275	12	17	12⅛	13⅜	..
Tide Water Oil	..	..	225	165	*195	5½	23	19⅝	22½	.80
Timken Roller Bearing	..	..	..	..	142½	28¼	134	112⅝	131¾	‡4
Tobacco Products	145	100	82⅜	25	117⅝	45	114⅞	102⅛	†112½	..
Do Class A	..	..	..	..	123⅞	76	128	113	†120	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	10⅛	7⅛	9¼	..
Union Oil of Calif.	..	..	..	..	58⅜	33	51	42¾	50¼	2
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	34⅝	29⅝	30½	.80
United Fruit	208½	126½	175	105	*294	95¾	143½	136	140½	4
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	250	10½	300	190⅛	270	10
Do Pfd.	84	40	67½	30	125	38	137	115	135	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35½	122¼	102¾	120	5
U. S. Realty & Imp.	87	49¾	63¾	8	*184½	17	77½	61¼	76	4
U. S. Rubber	59½	27	80½	44	143¾	22½	63¼	40	44⅝	..
Do 1st Pfd.	123½	98	115½	91	119½	66½	109⅜	78⅜	78½	..
U. S. Smelt., Ref. & M'n.	59	30⅜	81½	20	78¼	18⅜	45⅛	39½	41	3½
U. S. Steel	94⅞	41¼	135⅝	38	160½	70¼	152¾	137⅜	150	7
Do Pfd.	131	102½	123	102	141¼	104	145¾	138⅝	145⅝	7
Utah Copper	67½	33	130	48½	162	41⅛	158	139	†135	6
Vanadium Corp.	..	..	..	..	97	19⅛	96	60	87⅜	‡3
Western Union	86¼	56	105⅛	53⅝	176	76	177½	163	163	8
Westinghouse Air Brake	141	132½	143	95	*198	40	57⅜	46⅛	51¾	2
Westinghouse E. & M.	45	24¾	74⅞	32	94¾	38⅞	112	88⅛	104¾	4
White Eagle Oil	..	..	..	..	34	20	24¼	20⅛	21⅞	1
White Motors	..	..	60	30	104⅛	29¼	41⅜	30⅛	34	1
Willys-Overland	*75	*50	*325	15	40¼	4⅛	28⅝	17⅜	27⅛	..
Do Pfd.	..	..	100	69	123⅞	23	100	92¾	99	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	16	11½	14½	..
Woolworth (F. W.) Co.	*177⅞	*76½	*161	*81½	*345	72½	194	175½	187½	5
Worthington Pump	..	..	69	23½	117	19	34½	28	31⅛	..
Do Pfd. A	..	..	100	85⅛	98¼	44	55	48¼	†52	..
Do Pfd. B	..	..	78⅜	50	81	37	49½	41	45	..
Youngstown Sh. & Tube	..	..	..	..	100⅛	59¾	106⅞	85¼	87⅞	5

† Bid price. ‡ Not including extras. § In stock. * Old stock.

Securities Analyzed, Rated and Mentioned in this Issue.

INDUSTRIALS

MINING

BONDS

PUBLIC UTILITIES

PETROLEUM

RAILROADS

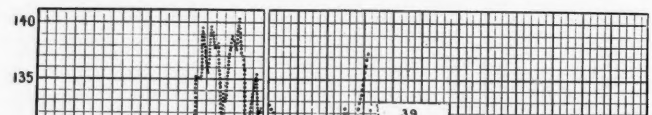
Important Corporation Meetings

	Specification	Date of Meeting
Am. Water Works & Electric	Annual	4-21
Allied Chemical & Dye	Directors	4-23
Coca-Cola	Directors	4-23
Inspiration Consol. Copper	Annual	4-23
Otis Elevator	Annual	4-23
Texas & Pacific	Directors	4-23
Union Oil of California	Directors	4-23
Allied Chemical & Dye	Directors	4-24
Am. Brake Shoe & Foundry	Annual	4-24
Am. Safety Razor	Directors	4-24
Brooklyn Edison	Dividend	4-24
Chile Copper	Directors	4-24
Congoleum-Nairn	Directors	4-24
Continental Motors	Directors	4-24
Deere & Co.	Annual & Pfd. & Com. Divs.	4-24
Hartman Corp.	Annual	4-24
Illinois Central	Com. Divd.	4-24
Inland Steel	Annual & Divd.	4-24
New Haven	Annual	4-24
Pennsylvania	Annual Election	4-24
Philadelphia Co.	Annual	4-24
U. S. Steel	Pfd. & Com. Divds.	4-24
Van Raalte	Directors	4-24
Air Reduction	Directors	4-25
Am. Tobacco	Com. Divd.	4-25
Atlantic Gulf & West Indies	Directors	4-25
Childs Co.	Pfd. & Com. Divds.	4-25
Curtis Aeroplane & Motor	Directors	4-25
Eisenlohr (O.) & Bros	Directors	4-25
Fairbanks, Morse & Co	Directors	4-25
General Asphalt	Annual	4-25
International Paper	Annual & Directors	4-25
Lima Locomotive Works	Directors	4-25
Martin-Parry	Directors	4-25
Mathieson Alkali	Directors	4-25
Moto Meter	Annual	4-25
North American Co	Annual	4-25
Northern Pacific	Exec. Committee	4-25
Pressed Steel Car	Pfd. Divd.	4-25
Stewart-Warner	Dividend	4-25
U. S. Hoffman Machinery	Directors	4-25
Wright Aeronautical	Dividend	4-25
Atchison, Topeka & S. Fe	Annual	4-26

THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low	Recent Indexes Mar. 31	Recent Indexes Apr. 7	1927 Indexes (264 Issues) Close	1927 Indexes (264 Issues) High	1927 Indexes (264 Issues) Low
308	COMBINED AVERAGE	124.5	109.2	122.6	124.5H	116.3	116.3	95.7
39	Railroads	137.4	119.5	133.0	137.4	132.0	140.2	98.5
2	Agricultural Implements	322.5	280.5	319.5	315.0	300.0	(Begun 1928)	
2	Alcohol	177.6	147.7	164.0	163.2	172.1	175.3	82.1
12	Automobile Accessories	105.2	86.4	103.6	105.2H	91.6	96.8	75.6
17	Automobiles	97.2	79.0	96.8	97.2h	89.8	89.8	70.1
2	Baking (1926 Cl.—100)	76.1	58.4	59.4	58.4	69.4	100.6	53.0
2	Biscuit	194.5	180.2	184.7	181.9	187.0	(Begun 1928)	
4	Business Machines	172.2	153.7	165.2	172.2H	159.1	160.2	108.5
2	Cans	148.6	117.2	143.4	148.6H	119.9	119.9	77.3
4	Chemicals & Dyes	174.2	158.5	174.2h	173.8	166.1	168.9	132.0
2	Coal	108.0	88.1	91.4	94.3	108.0	(Begun 1928)	
12	Construction & Bldg. Material	104.8	94.4	103.8	104.4	99.5	101.3	78.9
12	Copper	178.7	159.8	178.7	178.7	177.8	179.5	105.9
2	Dairy Products	85.0	68.1	82.3	84.2	70.4	80.0	59.8
3	Department Stores	68.0	62.9	66.5	66.6	68.0	86.0	64.5
7	Drugs & Toilet Articles	180.2	157.2	171.5	180.2H	162.0	171.2	147.3
5	Electric Apparatus	138.9	125.6	137.7	138.9H	129.6	129.6	97.6
3	Fertilizers	89.5	78.4	83.7	89.5h	84.0	85.7	47.8
2	Five & Ten Cent Stores	106.9	98.0	106.6	106.9	106.8	111.5	69.6
3	Furniture	132.0	119.5	130.1	132.0H	127.4	127.4	89.1
5	Household Appliances	107.0	91.6	106.7	107.0	97.0	(Begun 1928)	
2	Mail Order	182.1	147.9	182.1H	176.4	149.3	152.3	82.8
4	Marine	79.6	66.8	77.0	75.4	74.9	113.4	69.5
5	Motion Pictures	113.5	98.3	110.9	113.5	102.9	120.3	96.3
36	Petroleum & Natural Gas	103.2	86.1	100.9	103.2	95.6	103.5	86.9
17	Public Utilities	147.2	127.9	145.9	147.2H	129.5	132.5	93.1
10	Railroad Equipment	128.9	119.6	127.3	125.0	128.9	128.9	100.3
2	Restaurants	105.5	90.0	94.1	95.1	104.0	(Begun 1928)	
2	Shoe & Leather	182.5	138.5	174.2	182.5H	138.8	152.3	69.8
2	Soft Drinks (1926 Cl.—100)	180.8	152.9	171.4	180.8	152.9	(Begun 1928)	
11	Steel & Iron	96.9	86.3	92.9	96.9h	88.7	92.0	74.8
6	Sugar	89.5	73.0	82.7	85.4	89.5	112.7	76.9
2	Sulphur	386.9	293.1	340.4	339.4	381.7	381.7	166.1
2	Telephone	130.0	120.8	130.0H	129.3	123.8	127.1	104.6
4	Textiles	100.6	79.0	100.6	99.4	79.0	106.5	71.9
7	Tire & Rubber	99.6	78.3	87.5	82.1	96.6	97.8	64.4
8	Tobacco	190.3	171.8	182.2	180.7	190.3	193.6	159.9
4	Traction	131.9	103.8	117.6	131.9h	107.6	130.0	107.6
42	Unclassified (1927 Cl.—100)	114.2	98.2	112.4	114.2	100.0	(Begun 1928)	

H—New HIGH record since 1925. h—New HIGH record since 1926.



(An unweighted Index of weekly closing prices, specially designed for investors. The 1928 Index includes 308 issues, distributed among 38 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

ANSWERS TO INQUIRIES

(Continued from page 1152)

showing current assets of about 28.2 millions, including cash and its equivalent of approximately 12.5 millions, the latter, alone, being nearly twice current liabilities of around 7 millions. Indicated working capital was about 21.2 millions. Regular dividends at the annual rate of $1.20 a share are afforded a wide margin of safety, but directors have shown no disposition to raise the rate, preferring to retain a major portion of profits for further expansion, although an extra of 40c a share was recently paid, and present surplus would permit of a sizable stock distribution. The company's future seems well assured. However, present prices discount favorable progress some distance ahead, and the shares are therefore attractive more for the extreme long pull than immediate prospects.

AMERICAN TOBACCO

Do you approve of adding 25 shares of American Tobacco to my stockholdings? I now have 50 s'ares which cost me 125.—J. C., Kansas City, Mo.

In common with most tobacco companies, American Tobacco experienced the most prosperous year in its existence in 1927, when earnings were equal to $10.29 a share on the 1,952,884 shares of combined common and class B stock, against $9.90 a share on 1,952,830 shares in 1926. The company continues to make large appropriations for national advertising, and for the purpose of further strengthening its already strong competitive position, with all indications pointing toward another banner year in 1928. Financial position is impregnable, which permits of distributing a major portion of profits in the form of dividends. The shares stand high among common stock investments, and currently sell to yield a somewhat higher income return than many issues of like calibre. We believe you would be wholly justified in retaining the shares now held for income and further price appreciation. Moreover, if not interfering with proper diversification, we do not advise against additional commitments.

GLIDDEN

I am again asking you to advise me regarding Glidden. I purchased it originally at $24 a share about three years ago, and last year when it was down to $15 you suggested that I hold, awaiting further developments. The stock has since recovered to about what I paid for it. Shall I keep on holding it?—R. S. V., Philadelphia, Pa.

Glidden Co. is engaged in the production of a diversified line of products including paints and pigments, edible oils and margarines, nitro-cellulose lacquers, dry colors, lithopone, printing inks, insecticides, etc. Normally, a sizable business is done with automotive manufacturers, and a slowing down in the motor industry, together with a program of plant expansion, has been responsible for a slight recession in earnings in later years, results in the fiscal year ended October 31, 1927, showing a balance of $3.03 a common share, before prior preferred sinking fund, against $3.41 a share in the preceding year. However, current financial position was greatly strengthened during the year, bank loans being eliminated and funded debt reduced, and while common dividends were omitted last year, that action seemed justified in order to conserve liquid resources and finance an expanding volume of business. With the construction program now completed, earnings in the first two months of the current fiscal year were more than double those of the same period of the preceding year, and continue to run ahead of last year, with present estimates of around $4.50 a share for the full 12 months to end next October. The shares seem attractively priced at current levels, and we advise holding for further enhancement.

AMERICAN RAILWAY EXPRESS

I have inherited 25 shares of American Railway Express and would appreciate your advice regarding it. There is no necessity for me to sell it if it has possibilities of further appreciation. Why is its yield so low?—O. S. F., Boston, Mass.

The American Railway Express Co., through contracts with the majority of railroads, handles practically all the railway express business in the United States. The company also extends the scope of its activities to include coastwise and oceanic steamship lines. Income received under the terms of the various contracts is sufficient to pay annual dividends of $6 on the capital stock but insufficient to warrant the expectation of any increase on the basis of the company's present status. Earnings last year were equal to $6.73 per share as compared with a seven year average of $6.90. The shares during the recent past have been characterized by considerable activity, reflecting reported negotiations between important railroad interests for the purpose of reaching an agreement prior to the expiration of the company's contracts next February. No definite announcement has as yet been made but reports are being heard that the railroads are desirous of obtaining control of the company and have considered the formation of a new company which would issue preferred stock in exchange for the shares of American Railway Express. All of the common stock of the new company would be owned by the railroads becoming a party to the agreement. The preferred stock dividends would be virtually guaranteed by some of the strongest carriers in

the country and would be entitled to sell on a low yield basis, in reflection of the investment merit of such an issue. It might be advisable to retain present commitments pending developments but at this time we disclose no basis for anticipating material enhancement in market values.

U. S. RUBBER

I am disturbed over the outlook for U. S. Rubber because the preferred dividend has now been passed. I bought 50 shares of the common at 66 in 1925, believing that the action on the preferred stock indicated that the company was in a sound condition and might resume dividend on the common. I could have made a profit several times since by selling out, but now I have a 30 point loss.—R. S. P., Miami, Florida.

Recognized for many years as the leader in its particular field of endeavor, U. S. Rubber, in later years, has gradually yielded its position of dominance. While unit sales were higher in 1927, due to exceedingly keen competition and generally unfavorable price levels of products, dollar sales were 10.25% lower than 1926, so that earnings were equal to only $9.57 a share of preferred stock and $1.26 a share of common last year. However, owing to a serious decline in crude rubber prices it was necessary to utilize an $8,535,380 reserve set up at the end of 1926 and provide an additional reserve of $8,910,679 to adjust inventories to January 1, 1928, values, so that, in reality, operations resulted in a substantial loss in the 1927 year. A further drastic decline in prices of crude rubber has been a disturbing factor, and, as a conservative measure, directors have deemed it advisable to discontinue preferred dividends, which latter had been paid continuously since 1904. The immediate outlook is considerably clouded, and pending a definite turn for the better, we do not feel disposed to lend our unqualified endorsement to holding the common stock.

MIAMI COPPER

Do you consider Miami a good copper stock? I have been a stockholder in this company for a number of years and paid $37 a share for it, and carried it through the break that followed the discontinuance of dividends and I am willing to hold it if you think it worth while.—J. C. H., Atlanta, Georgia.

We would not include the shares of Miami Copper Co. in a selected list of copper stocks, but on the other hand do not feel that present holders are warranted in feeling unduly apprehensive or taking action which would involve the acceptance of a loss. Last year, Miami earned $1.52 per share on 747,116 shares of capital stock, after charging off depreciation. Considering that the company is a high cost producer, last year's showing may be regarded as satisfactory. Production totaled 53,000,000 pounds, and the average cost, before depreciation, was 11.19 cents per pound. An average price of 13.375 cents per pound was received as against the present price of 14⅛ to 14¼ cents. Assuming a higher average selling price, Miami

KEEP POSTED

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could earn over $2 per share this year with no further increase in production or reduction in operating costs. The company's mines have a developed life of about 25 years based on present production and the balance sheet reveals a sound current position. A recent tax ruling in favor of the company will bring a refund sufficient to cover current liabilities, leaving quick assets equal to about $10.50 per share. We do not anticipate substantial market price recovery on the strength of the present general outlook but at this time we consider the dividends to be reasonably safe and, on the whole, would be inclined to hold with a view to developments.

AMERADA

Would you recommend that I hold 100 shares of Amerada Corporation, which I paid 26½ last year? I notice that the company's production is increasing and that its earnings are about double its dividend requirements.—J. M. C., Chicago, Ill.

The Amerada Corporation functions as a holding company and through various subsidiaries engages in the production and marketing of crude oil and natural gasoline. Properties include leases on more than 650,000 acres in Oklahoma, Texas and Kansas, and a subsidiary company has acquired 232,000 acres of oil-content property in Venezuela. The company has been one of the most prominent operators in the Seminole field and production in 1927 exceeded 10,725,000 barrels, as compared with 5,660,000 in 1926. Production of natural gasoline was more than double the output in 1926. However, in spite of the substantial amount of crude oil produced at a comparatively lower cost, the drastic decline in crude prices had the effect of practically eliminating the company's profit on natural gasoline. As a result, earnings last year declined to $3,706,000 which was equivalent to $4.02 per share on the capital stock. The company appears to be in a sound financial condition, and may experience no undue difficulty in weathering unfavorable conditions, contingent of course, upon their duration. The shares are not without merit for the longer pull as a speculation of the more radical type.

THE GENERAL BAKING CORP.

Please give me some information regarding the outlook for General Baking. I am carrying 50 shares of the preferred on margin and I am thinking of taking it up and holding it as an investment. I paid $80 for my stock. I will be guided by your recommendation.—K. L. M., Detroit, Mich.

Giving effect to the recent changes, capitalization of General Baking Corporation is represented by 992,980 shares of $5-$6 preferred stock, 3,475,686 shares of common stock, and 90,775 shares of subsidiary preferred stock. Funded debt totals only $93,000. Last year the company reported a net profit, after depreciation and taxes, of $7,738,000, an increase of $1,506,000 over the previous year. Dividends on General Baking Co. 8% preferred totaled $729,862 and the balance available for the new preferred stock would have been equal to $6.26 per share. Financial position was unquestionably sound and working capital at the close of the year was in excess of $5,240,000, and cash and Liberty bonds were more than double current liabilities. 1927, in retrospect, was not a year which provided easy sledding for the large baking combines and the ability of General to register satisfactory progress is conclusive evidence of its strong trade position. The management has vigorously endeavored to reduce operating costs and increase plant efficiency, nearly $5,000,000 has been spent on acquisitions and enlargements during the past two years without recourse to additional financing. Reflecting the comparatively narrow margin by which dividends on the preferred stock would have been covered last year, and the strenuous competition which prevails, the shares sell on a liberal yield basis but we feel that the company can support a $6 payment after October 1st without undue difficulty and the strong financial position and progress to date inspires a degree of confidence. While it is not our policy to advise relative to marginal commitments, we feel that the shares have sufficient merit to warrant their retention by those investors willing and able to assume some degree of risk.

NORFOLK & WESTERN RWY. CO.

(*Continued from page* 1133)

also increased and the actual cost of moving a train, train-hour also shows a decrease.

The fact that Norfolk & Western's physical facilities are ample, also accounts for its efficient operations. The property has been built up largely through the reinvestment of surplus earnings since 1922. At the beginning of that year, road and equipment were carried at $318,089,258. As of December 31st, 1927, this item was reported at $421,517,536 a gain of $103,428,278. Approximately 69.5 million dollars of this increase resulted from surplus earnings, $21,832,500 from new securities and depreciation reserves, etc., accounted for the remainder.

Many important improvements were made on the property. About 1,000 miles of track were relaid with 130 lb. rail. Automatic train control was installed on over 239 miles or road. For the purpose of handling coal at Lambert's Point in Norfolk more economically, the piers were electrified. Although the number of cars and locomotives decreased slightly as a result of retiring old equipment, their capacity and tractive power increased. The fact that the credit balance for equipment hire increased from $2,161,001 in

1922 to $3,072,615 in 1927 indicates that equipment is ample. Considerable mileage was double-tracked including sixteen miles on the Big Sandy Division and almost 1,900,000 cubic yards of rock were used in ballasting main lines. These factors have undoubtedly aided in moving greatly increased trainloads at more rapid speed.

Strong Financial Position

Norfolk & Western has always maintained a very strong financial position, As of December 31st, 1927, current assets totaled $21,837,082 and current liabilities were reported at $7,235,351 giving effect to net working capital of $14,601,731. Included in the current assets was cash amounting to $4,535,926. There was also listed among investments $22,660,314 which included holdings of railroad and municipal bonds. In view of their liquid character, due to their short maturity, these may also be regarded as current assets. Some reduction is noted in this item when compared to December 31st, 1926. The largest part of this decrease, however, may have been due to liquidation, for the purpose of paying off equipment trusts due in 1927 and for some capital expenditures.

An item of considerable importance listed among its investment holdings was the interest in the Pocahontas Coal & Coke Company. The latter owns 300,000 acres of coal lands in Virginia and West Virginia, of which 180,000 acres are operated under lease. The company itself is not engaged in mining operations, but in 1927 there was produced 14,523,999 tons of soft coal from its lands. Its outstanding capital stock having a par value of $1,000,000 is all held by the Norfolk & Western Railway Company. It also had outstanding $13,267,000 of 4% bonds guaranteed by the parent company, as of December 31st, 1927. The latter figure reflects a reduction from the $20,000,000 of this issue originally outstanding. Net earnings in 1927 were $1,297,221, $1,464,451 in 1926 and in 1925 $1,285,822 was reported. The total earnings for the three-year period $4,047,394, together with the fact that but 60% of its lands are being worked would seem to indicate that this investment has great possibilities.

Norfolk & Western has a well balanced capital structure, the percentage of stocks to bonds exceeding the latter. As of December 31st, 1927, funded debt including $20,010,000 of equipment obligations, totaled $116,456,800. The 4% preferred stock was outstanding in amount of $22,992,300 and common stock totaled $140,006,300. At the close of last year, bonds comprised 41.7% of the total capitalization and the remainder, 58.3% represented stock. While funded debt was outstanding at the rate of $43,000 per mile of road, this amount can be regarded as low in relation to gross revenues per mile of road. Such a capital structure precludes the possibility of any great fluctuation of earnings on the common stock. It is well to note that fixed

charges and preferred dividends consumed but 5.55% of the gross revenues in 1927. The two foregoing items were outstanding at the annual rate of 4.41%.

Norfolk & Western is also situated comfortably with regard to maturing obligations, approximately $36,000,000 falling due by 1935. Of this amount, $20,010,000 represents equipment trusts. The latter are being redeemed serially out of current earnings, $3,175,000 being liquidated in 1927. The largest individual issue, the general 6% bonds due in 1931 amounts to $7,235,000. The 6% bonds of 1929 have been virtually eliminated through conversion.

Notwithstanding the fact that coal traffic has contributed heavily to earnings, sight should not be lost of the fact that the management of Norfolk & Western is making efforts to develop a greater volume of more profitable freight, especially manufactures. Since 1922, the number of new industries located along its lines totaled 379, and of this amount only 34 coal companies, the remainder representing industrial plants. At current levels of approximately $189 per share, the stock is selling to afford a return of 5.3%, based on the present regular rate of $8 per share and $2 extra annually. Earnings during the past six years have never fallen below $10 per share annually and the average has been in excess of $17. Almost $50 per share was added to surplus during this period. From a consolidation standpoint, Norfolk & Western has been tentatively linked with the Pennsylvania System, but no definite progress has been made in this direction. Regardless of consolidation prospects, the common stock is attractive in view of the steadily growing equities and earning power behind it, and the high credit and splendid physical condition of the System. Since it is almost a finished property, it seems that the common stockholders will ultimately share more liberally in the earnings of the company. *In the circumstances, a further upward revision in the price of the junior equity would seem warranted.*

TWO TRUCK MANUFACTURERS COMPARED

(*Continued from page* 1141)

have taken place, and substantial economies are expected to show in a recovery in earning power in the near future. Any change for the better should be reflected quickly in higher prices for the stock as it appears to be thoroughly liquidated at current levels.

The management apparently believes that the corner has been turned and that definite improvement may reasonably be expected. It was announced late in February that January of this year had shown a 6% improvement

over the same months in 1927 and that orders for the first three weeks in February had indicated a 60% increase over those of a year ago. By concentrating on the manufacture of light fast trucks, for which recent demand has been relatively good, yet holding production in other lines at a level sufficient to meet current requirements, the company should be able to maintain operations at a scale which will make satisfactory profits possible, and as soon as such results are indicated a real move in the stock may reasonably be expected.

With Mack Trucks, Inc., the situation appears to be less clearly defined. During 1927 the price range of this stock was between a low of 88¼ and a high of 118¾, while to date in 1928 the range has been from 88¼ to 107⅞ with the current price near the year's low. The liberal dividend has, of course, tended to sustain the market price of this stock which, in addition, has always been a favorite speculative vehicle. A considerable further decline in price might easily follow reports of continued poor earnings or a reduction in the dividend rate, while from current levels the market response to improved conditions might be sluggish in comparison with White.

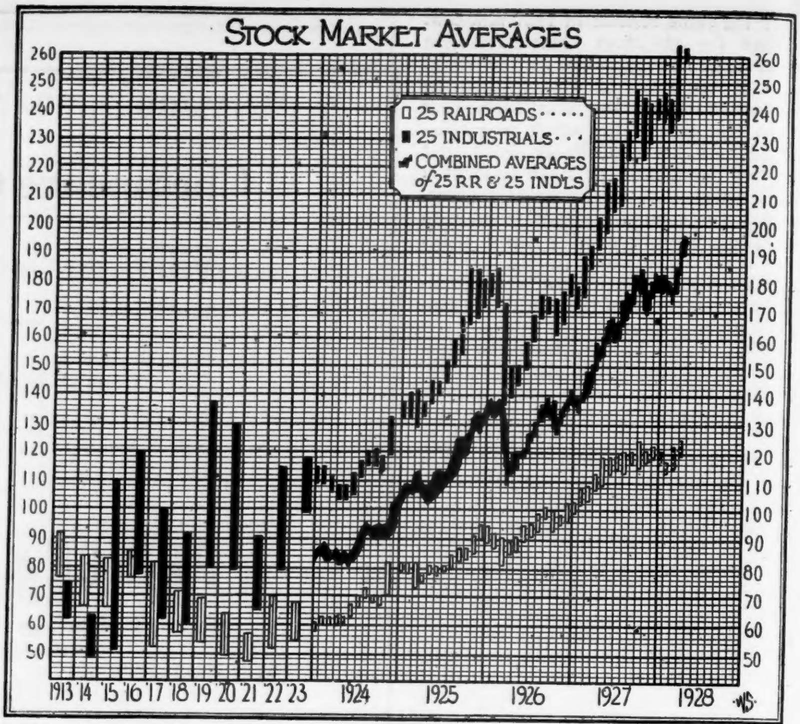
Until a definite improvement in the industry is indicated neither stock, perhaps, offers great speculative attraction, but of the two White appears to have a distinct advantage in market position.

A NEW VITAL INFLUENCE ON SECURITY MARKETS

(*Continued from page* 1127)

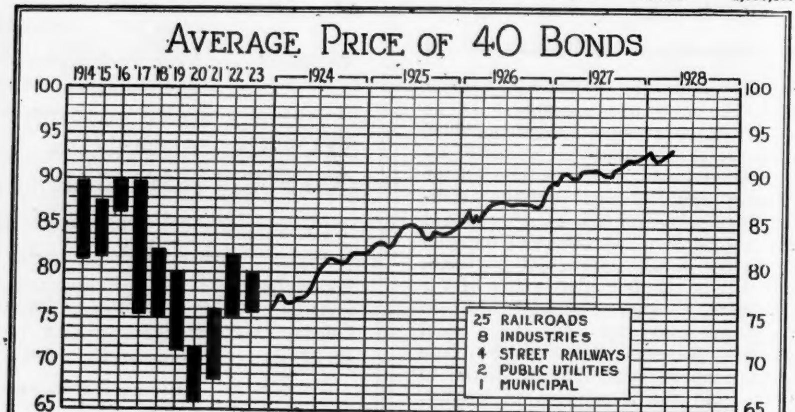
security values might be temporarily upset by other developments such as a potential downward readjustment of stock market values precipitated by overspeculation. There is one factor existing under present market conditions which would act as a deterrent to any extensive acquisition of common stocks for purely investment purposes, and this is the fact that many of the intrinsically most desirable common stocks are currently returning a yield lower than even the highest grade bonds, consequently having little to offer from the standpoint of income. If the influence of the new state laws on common stocks is in the realms of surmise, there is no question that, as far as investment securities are concerned, a far healthier condition has been created, and, although the primary motive was of course to alleviate the situation of savings banks and life insurance companies, the net result will be materially broader in its application.

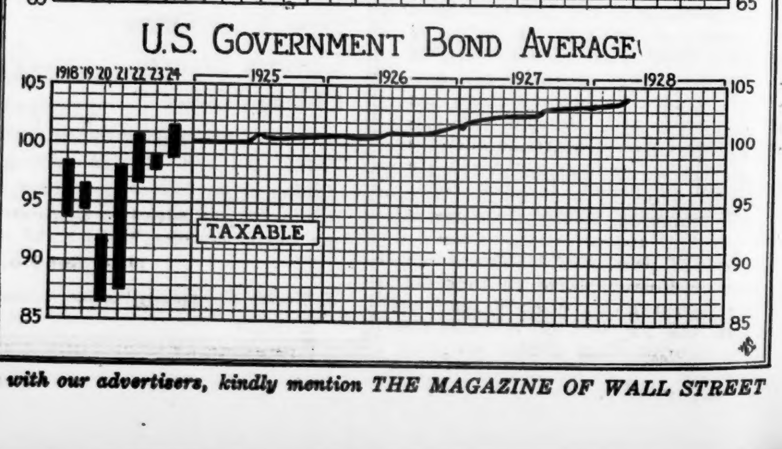
For Feature Articles to Appear in the Next Issue
See Page 1109



MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, March 29...........	93.18	210.76	141.35	192.32	189.36	3,759,334
Friday, March 30...........	93.27	214.45	141.96	194.50	191.03	4,660,420
Saturday, March 31...........	93.21	213.35	141.25	194.13	191.89	2,430,920
Monday, April 2...........	93.11	209.33	140.43	192.72	189.63	3,452,750
Tuesday April 3...........	93.13	209.95	142.19	192.68	189.28	2,936,160
Wednesday, April 4...........	93.34	209.82	141.81	192.71	190.20	3,154,740
Thursday, April 5...........	93.36	212.12	142.91	194.32	191.49	3,757,690
Friday, April 6...........		HOLIDAY		HOLIDAY		
Saturday, April 7...........		HOLIDAY		HOLIDAY		
Monday, April 9...........	93.34	211.53	142.98	196.02	192.92	4,116,860
Tuesday, April 10...........	93.27	209.23	142.14	193.89	190.75	4,063,050
Wednesday, April 11...........	93.28	212.46	143.56	194.70	191.22	4,353,130





INSURANCE DEPARTMENT

(Continued from page 1145)

which the proceeds will mature at age 25, or at age 40, as selected by the applicant. The Endowment at age 25 will doubtless have the more popular appeal, since it matures when the youth is normally entering on the serious pursuits of life. This policy inculcates a spirit of thrift in the parents; and as the child grows and is taught the motive for this self-sacrifice and economy he should be stimulated to emulate the good example thus set for him.

This Child's Endowment takes into consideration *the age of both parent and child* when application is made. In event of the death of the child before attaining age 15, there is a return of all premiums paid with 5% compound interest. This is just and equitable. It assumes that the parent does not seek to benefit financially in case the child dies in early years—the primary object in taking the Endowment being to provide funds later on in life. If this object of thrift is defeated by the premature death of the child, there is a return to the parent of his outlays for premiums with interest at a higher rate than he would have received if the money originally had been deposited in a savings bank.

When the child attains age 15, the amount of insurance applied for automatically goes into effect. The full face value of the policy becomes payable in event of the death of the child thus insured, or is paid to the insurant at the maturity of the Endowment.

A further broadening of this Child's Endowment is that in case of the total and permanent disability of the child after attaining age 15, the company waives payment of all subsequent premiums, and the sum insured then becomes payable in instalments over a period of ten years during such disability.

But what if the parent who applied for the insurance should die before the Endowment matures? This possibility is also met, for it is provided that if the applicant should die prior to the attainment of age 20 by the child insured, then the Endowment Policy will be considered as fully paid up with no further premiums required, and the Endowment will be payable as specified in the policy.

The vagaries of unkind fate are still further taken into consideration when preparation is made to offset another possible misfortune which might militate against the building of this thrift fund for the little boy or girl, for the policy provides that if the parent applying for the policy shall become totally and permanently disabled before the child reaches age 20 (and while the parent is under sixty years old) then the payment of all subsequent

(Please turn to page 1173)

New York Curb Market

IMPORTANT ISSUES

Quotations as of April 10

Name and Dividend	1928 Price Range High	Low	Recent Price
Albert Pick Barth wi.†.....	11⅞	10	10
Aluminum Co. of Amer......	139	120	135¾
Aluminum pfd. (6)..........	109¼	105½	109
Amer. Cigar (8)	162½	132	160
Amer. Cyanamid "B" (1.60)	50	39	40½
Amer. Cyanamid pfd. (6)...	98⅞	95	96⅝
Amer. Gas Elec. (1)‡.......	145	117½	136
Amer. Super Power A (1.2)†	42⅜	37	45⅛
Assoc. Gas Elec. "A" (2¼).	51½	47	48⅜
Celotex Co. (3)	69½	49	68
Centrif. Pipe (0.60)*........	12½	10⅛	11
Cities Service New (1.2)†..	59⅝	54	57
Cities Service Pfd. (6)†....	100	94½	99⅝
Cons. Gas of Balt. (3).......	77	67½	75⅛
Consolidated Laundries (2)*.	20¼	14¾	18⅜
Durant Motors†	12⅜	9⅛	10¾
Elect. Bond Share (1)†......	95⅜	76	90
Elect. Investors† (3.50 stk.).	49⅝	40⅛	48⅝
Fajardo Sugar (10)	164⅞	150⅛	164⅞
Ford Motor of Canada (15)..	605	510	586
General Baking (new)*......	9	7	7⅛
General Baking Pfd. (new)*.	84⅛	74⅞	77
Glen Alden Coal (10)†.......	169	151⅝	159
Gulf Oil (1.5)†.............	117¼	101½	113
Happiness Candy Store (50).	7⅛	5½	5⅞
Hecla Mining (1)	18	15¾	16
Hygrade Food Products	31¾	25⅛	28½
International Utilities B.....	10½	6¾	8½
Land Co. of Florida†........	25	16	16
Lion Oil Refining (2.25)*....	26	20	25⅝
Lone Star Gas (2)..........	56	49	50⅜
Metro Chain Store‡	63	54	60
Mountain Producers (2.60)†..	28⅞	24	24½
National Fuel Gas (1)......	28	24¾	25⅞
New Mex. & Arizona Land†.	10	8⅛	8¾
New Jersey Zinc (12).......	199½	180¼	197¼
Nipissing Mining (30c)*.....	5⅞	4½	4½
Northern Ohio Power†......	27½	18	26¼
Phelps Dodge (6)	132½	117	130½
Puget Sound P. & L.†......	63½	34⅝	61
Salt Creek Producers (3)†...	35	28½	30⅝
So'east Pwr. & Lt. (new 1).	48½	40⅝	47⅝
So'east Pwr. & Lt. Pfd. (4).	92	84	89½
Stutz Motors*	18⅞	14⅛	14⅝
Tobacco Products Export†...	4⅝	3	3½
Trans Lux	4⅞	3⅝	4⅛
Tubize Artif. Silk† (10)....	628½	460	613½
Tung-Sol "A" (1.80)........	23¼	19⅝	22
United Electric Coal (3).....	41⅞	26¼	37¼
United Gas & Improvem't (4)	130⅞	111¼	127½
U. S. Gypsum (1.60)........	92	70	73¼

STANDARD OIL STOCKS

Name and Dividend	High	Low	Recent Price
Continental Oil	28	16	17⅝
Humble Oil (1.6)†..........	68	59¼	65
International Pet. (.75).....	43	35	38½
Ohio Oil (2.75)	66¾	58½	61
Prairie Oil & Gas†..........	50¼	47⅝	50
Standard Oil of Ind. (3.5)†..	80½	70⅞	77⅜
Vacuum Oil (5)†	153¼	136¾	150⅛

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.

GAINS of from 10 to 20 points in individual issues and a broad market with a record volume of trading, featured the New York Curb Market during the past fortnight. In one session, there were over 700 individual issues traded, which marked a new record for this market. Industrial issues were higher on the average, utilities while somewhat irregular throughout the list had a number of very impressive strong spots and the oil shares were generally higher.

Among the high priced industrial shares which made new highs during this period were *Aluminum Company of America, American Cigar, Fajardo Sugar, Phelps Dodge* and *Tubize Artificial Silk.* The rise in *Tubize* which carried these shares over 625, is said to be based on the considerably larger production by this company of fine grade rayons and the belief that the international pact recently signed by rayon manufacturers in five European countries should prove advantageous to the American concern in the long run, as the agreement stipulated a uniform price policy among the European makers. As far as *Aluminum Company* and *American Cigar* are concerned, little has transpired of late to warrant an abrupt enhancement in share value other than the continued growth in earning power of both concerns. The rise in *Fajardo Sugar* reflects a somewhat more encouraging trade outlook for this company and the new high for *Phelps Dodge* at over 132 is not surprising in view of the strong physical and financial position of this company as recently pointed out in some detail in this column.

United Gas Improvement assumed a logical role as the leader of the utility shares in the past week, pushing through 130 on a rather impressive volume of buying and holding well in this range in spite of some profit taking that followed the rise. *Consolidated Gas of Baltimore* which has been lying dormant around 70 for some time was subject to an unusual buying movement which carried the shares up 7 points to a new high for the year. The utilities were not uniformly strong, however, with such conspicuous issues as *American Gas & Electric* and *Electric Bond & Share* sold off under cover of the strength in other public utility stocks on the Curb. *Gulf Oil* got as high as 116 during the fortnight resuming the trend established earlier in the year and most of the independent oil stocks made advances. *Vacuum Oil* again led the Standard Oil group marking up a gain of about 10 points for the period with a new high for the year at 153. *Lone Star Gas* selling ex-rights held over 50 placing a valuation of approximately 58 for those stockholders who have not liquidated their rights.

(*Continued from page* 1171)

premiums will cease while the parent remains thus impaired.

The amount issued under these Children's Endowments above described is limited according to the ages, as the accompanying figures illustrate, as well as the cost of these policies at various ages.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912,

Of the Magazine of Wall Street, published every other week at New York, N. Y., for April 1, 1928.

State of New York }
County of New York } ss.

Before me, a Notary Public in and for the State and County aforesaid, personally appeared E. D. King, who, having been duly sworn according to law, deposes and says that he is the Managing Editor of the Magazine of Wall Street and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor and business managers are:

Publisher, The Ticker Publishing Co., 42 Broadway, New York City. Official Publisher, C. G. Wyckoff, 42 Broadway, New York City, Editor, None. Managing Editor, E. D. King, 42 Broadway, New York City. Business Managers, None.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) The Ticker Publishing Co., 42 Broadway, New York City; Cecelia G. Wyckoff, 42 Broadway, New York City.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) Non-transferrable income bonds, Richard D. Wyckoff, 42 Broadway, New York City; Cecelia G. Wyckoff, 42 Broadway, New York City.

4. That the two paragraphs next above giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases wher the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

E. D. KING, Managing Editor.

Sworn to and subscribed before me this 21st day of March, 1928.

[Seal] RALPH J. SCHOONMAKER.
Notary Public, Westchester County.

Cert. filed in N. Y. Co. No. 1661 Reg. No. 9151a. (My commission expires March 30th, 1929.)

Bonds Called for Redemption

*Not stated. (g) Guilders—Redemption in U. S. currency.

Company	Rate	Maturity	Amount	Price	Redemption Date
Advance Bag & Paper 1st cv.	7%	1943	$1,360,000	105	May, 1928
Amer. Gas & Elec. deb. "Amer. ser."	6%	2014	$46,904,000	110	May, 1928
American Republics Corp.	6%	1937	All bds.	103	April, 1928
American Rolling Mills Co.	6%	1938	All bds.	104½	July, 1928
Amer. Smelting & Refining B.	6%	1947	$4,250,000	107½	April, 1928
Amer. Type Founders	6%	1937	$59,000	105	May, 1928
Amer. Type Founders	6%	1939	$63,000	106	May, 1928
Argentine Nation ext. s. f.	6%	1960	$107,000	100	May, 1928
Associated Electric Company	5½%	1946	$10,000,000	105	May, 1928
Atlanta Gas Light Company	6%	1970	All bds.	106	April, 1928
Baldwin Loco. Wks. 1st yr. s. f.	5%	1940	$414,000	107½	May, 1928
Brazil (U. S. of) external	6½%	1957	$562,000	100	April, 1928
Buffalo, Rochester & Pittsburgh G	4%	1929	$177,000	100	April, 1928
Central Public Service Company	6½%	1929	All bds.	101	July, 1928
Central States Power & Light Corp.	6%	1930	All bds.	101	May, 1928
Central States Power & Light Corp.	6%	1945	All bds.	105	June, 1928
Chile (Republic of), 25-year	8%	1946	All bds.	110	May, 1928
Chile (Republic of), 20-year	8%	1941	All bds.	110	Aug., 1928
Cleveland Union Terminal 1st mtge. A	5½%	1972	$32,000	105	April, 1928
Continental Gas & Elec. Corp. A	6½%	1964	All bds.	105	April, 1928
Cuban Dom. Sugar 1st l.	7½%	1944	$114,000	110	May, 1928
Czecho-Slovak Rep., 20-year, A	7½%	1945	All bds.	105	April, 1928
Denver Gas & Electric Company	5%	1949	$57,000	105	May, 1928
Equitable Office Bldg. s. f. sec. deb.	5%	1952	$191,000	100	May, 1928
First National Pictures, Inc.	6%	1928	All bds.	100	April, 1928
General Asphalt Co., 15-year	6%	1939	$62,600	105	April, 1928
Great Northern Power A	6%	1946	All bds.	102½	May, 1928
Havana Central R. R.	5%	1955	All bds.	110	May, 1928
Holland-American Line, 25-year	6%	1947	1,500,000(g)	100	May, 1928
Idaho (State of)	*	*	*	100	April, 1928
Inland Steel	5½%	1945	$12,000,000	103½	May, 1928
Lehn & Fink Prod. notes	6%	1929	$28,000	100¼	May, 1928
Missouri Edison Company A	6½%	1940	All bds.	105	May, 1928
Mortgage Bond Co. of New York	4%	1966	$8,800	100	April, 1928
National Public Service A	6½%	1955	All bds.	105	April, 1928
National Public Service B	6%	1957	All bds.	105	April, 1928
N. Y., C. & St. L. eq. tr.	5%	1931	$121,000	101	May, 1928
N. Y., C. & St. L. eq. tr.	5½%	1932	$35,000	102	May, 1928
New York, New Haven & Hart. Ry.	7%	1928-35	All bds.	103	April, 1928
Northern States Power	6½%	1933	$501,500	103	May, 1928
Panama (Rep.) ext. sec. s. f.	5½%	1953	$22,000	102½	June, 1928
Paris-Orleans R. R. Company	7%	1954	All bds.	103	Sept., 1928
Peru (Rep.) ext. s. f., 1st ser.	6%	1960	$250,000	100	June, 1928
Peru (Rep.) ext. sec.	7½%	1940	All bds.	107½	May, 1928
Public Service Elec. & Gas	5½%	1959	$26,580,000	105	May, 1928
Schulco Co. gtd. B.	6½%	1946	$14,500	103	April, 1928
Schulco Co. s. f.	6½%	1946	$13,000	103	April, 1928
Southern Pacific coll. tr.	5%	1944	$29,400,000	100	May, 1928
Spanish River Pulp & Paper	8%	1941	All bds.	106	May, 1928
Standard Oil of N. Y.	6½%	1933	$20,000,000	103	May, 1928
Swift & Co.	5%	1932	$10,000,000	101¼	April, 1928
Swift & Co., 1st.	5%	1944	$1,000,000	102½	July, 1928
United Drug Co.	6%	1944	All bds.	107½	April, 1928
United States Steel Corp.	5%	1963	$2,868,000	110	May, 1928
Western States G. & E. (Cal.)	5%	1941	$3,332,000	105	June, 1928

RAILROAD MERGERS FINALLY REACH DEFINITE STAGE

(*Continued from page* 1123)

ing the first obstacle which it had set up to a new plan, it more recently has put another one in the path of Mr. Loree and his friends. A complaint similar to that lodged against the Kansas City Southern has been made against the Missouri-Kansas-Texas, the very company that is to serve as the nucleus of the proposed merger, according to the new plan. May 1st was set for a hearing on that complaint, at which time the M.-K.-T. must show why it should not "divest itself of all interest in the capital stock of the St. Louis Southwestern now unlawfully held."

This is the particular acquisition of stock to which the attention of the I. C. C. is first called specifically in the recently filed plan for authority for the M.-K.-T. to obtain and hold stock control of both the Kansas City Southern and St. Louis Southwestern. If the Kansas City Southern is to sell all its M.-K.-T. shares and the latter company is not permitted to hold its Cotton Belt stock, it would seem that this latest plan was doomed before ever it was lodged with the Commission. That body, in its complaint against the M.-K.-T., charged that the terms under which Cotton Belt shares were acquired were "in direct violation of Section 7 of the Clayton Act."

Will Amended Plan Be Affected?

It is doubted in railroad circles that the Commission will approve the amended Loree plan, if for no other reason, because it does not provide for even so much of a merger as is now permitted under the Transportation Act. It should be repeated that in the application only stock control by the M.-K.-T. of the other two companies is asked for. It is even specifically set forth that this alone is sought without "involving consolidation into a single system for ownership and operation."

Evidently even the proponents of this plan do not feel at all certain that the I. C. C. will authorize the M.-K.-T. to acquire stock control of both the Kansas City Southern and St. Louis Southwestern. This is indicated by the fact that at the head of page 7 of the application stands the following significant paragraph:

"In the event that the Commission shall not authorize the applicant to acquire control as aforesaid of both the St. Louis company [Cotton Belt] and the Kansas City company [Kansas City Southern], application is hereby made for an order authorizing the applicant to acquire control as aforesaid of the St. Louis company alone, or of the Kansas City company alone, as the

Commission may authorize."

What would be the sense of the M.-K.-T. having control of only one of the other two companies if a merger, or even a closely related grouping is not the ultimate goal? Moreover, how is it to be reached if the Kansas City Southern is to divest itself of all of the M.-K.-T. shares that it has held?

Right here is the proper place to state exclusively the reason why it sold nearly 120,000 shares of the stock of that company some months ago, The I.C.C. ruled that within six months the Kansas City Southern must either buy or sell the 100,000 shares that it had been proposed the Cotton Belt should take. The Kansas City Southern, by reason of its limited financial resources, and the heavy investment it already had in M.K.T. stock, did not have the funds with which to buy those 100,000 shares, which involved the raising of approximately $5,000,000. Accordingly, they were sold in the open market. Who has them now? It would be extremely interesting to know. Obviously, the sale weakened materially Mr. Loree's hold, not only upon the M.-K.-T., but the entire situation in the southwest, which he has dreamed for some time of controlling through a merger of the three companies being dealt with in this article.

Missouri-Kansas-Texas And now a few words about the history, geographical location, size, financial strength and earnings of these three roads.

The M.-K.-T., the proposed backbone of the new grouping, has 3,189 miles of line. The principal stems extend from St. Louis and Kansas City on the north to San Antonio, Texas, on the south. The property was successfully reorganized by Speyer & Co. and J. & W. Seligman & Co. in 1923. Prior to receivership, its capital structure was one of the biggest, if not the biggest, pieces of patchwork with which any railroad property in the United States ever was covered. When additional capital was needed, new securities were issued and a further overlapping of liens brought about. So complicated was this structure, that during receivership no fewer than 25 protective committees for as many classes of securities were formed.

Under the terms of reorganization, not only was this patchwork arrangement eliminated, but fixed charges greatly reduced and the company placed upon a strong financial basis. For 1927 net income was $5,994,809, equal to $3.52 a share on the common stock against net income of $6,357,407, or $5.87 for 1926. The preferred "A" stock is now receiving the full 7% dividend to which it is entitled, but no dividends have been paid on the 807,565 shares of no par common stock outstanding. Until the balance for that issue is larger than in either 1926 or 1927, it would not seem that a dividend of any size at least could be expected.

As of January 31, 1928, the total

San Francisco Stock and Bond Exchange

THIS table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

		1928		Last Sale
	Div. Rate	High	Low	Apr. 12
Anglo & London Paris Nat. Bank	$10.00	256	226	228
Bancitaly Corporation	2.24	198⅛	137⅞	188⅛
Bank of Italy	5.24	297¾	260	285⅛
East Bay Water A, Pfd	6.00	98	95½	97¾
Federal Brandes	...	44	26⅜	44
Great Western Power Pfd.	7.00	106⅞	103½	105
Los Angeles Gas Pfd.	6.00	111¼	105¼	111
Pacific Telephone & Tel. Pfd.	6.00	125½	113½	122
Pacific Gas & Elec.	2.00	49¾	43⅞	48

Industrials and Miscellaneous

	Div. Rate	High	Low	Last Sale
Alaska Packers' Assn.	8.00	160	160	160
California Packing	4.00	79⅞	72⅛	78⅛
California Petroleum	1.00	27⅜	23¾	26¾
Caterpillar Tractor	1.40	78⅜	53	76¾
Foster & Kleiser (em)	1.00	19	14	16½
Hale Brothers	2.00	31	27	30
Hawaiian Coml. Sugar	3.00	53½	51⅝	51¾
Hawaiian Pineapple	1.80	49	41	49
Home Fire & Marine	1.60	49¼	41½	44¾
Honolulu Cons. Oil	2.00	38¾	35	37½
Hunt Brothers Packing "A"	2.00	25	23	24
Illinois Pacific Glass "A"	2.00	55	45½	53⅞
North American Oil	3.60	42	36¾	39
Paraffine Common	3.00	109½	84⅞	106¾
Richfield Cons. Oil	1.00	39	23¼	39
Schlesinger A Common	1.50	27¼	21½	25½
Shell Union Oil	1.40	27½	24	26¾
Southern Pacific	6.00	123⅞	118¼	121½
Sperry Flour Common	...	85	60½	79¼
Spring Valley Water	6.00	108	105	108
Standard Oil of Calif	2.50	59⅝	53	58¼
Union Oil Associates	1.99	51½	42¼	50⅞
Union Oil of California	2.00	51⅝	43⅜	50½
Yellow & Checker Cab "A" new stock*	...	58¾	51	52
Zellerbach Corporation	2.00	54½	43	45⅞

*Par raised from $10 to $50.

assets of the M.-K.-T. were placed at $322,194,344. Current assets were set down at $31,740,737 against current liabilities of only $6,910,547, yielding net working capital of $24,835,190. Prior to receivership the road had been virtually in control of a group of New York bankers. To an extent it is still under such control, but it is not based upon direct stock ownership by that group.

Kansas City Southern The Kansas City Southern originally was a dream of Arthur E. Stilwell, who later built the Kansas City, Mexico & Orient. He conceived the idea of a railroad from Kansas City to Port Arthur, Texas, and built what was then known as the Kansas City, Pittsburgh & Gulf. Mr. Stilwell raised most of the money for this, his first railroad enterprise, among Kansas City and Pittsburgh friends, chiefly the latter. Because of the liberal contributions received from the "Smoky City," he put the word "Pittsburgh" into the corporate title.

The road was taken away from Mr. Stilwell in what he declared to be a ruthless fashion, by E. H. Harriman, the railroad giant of 25 years ago, and John W. Gates, one of the most daring speculators, plungers and grabbers of railroads that ever struck Wall Street, or any other place.

Under the new ownership, the name of the company was changed to the Kansas City Southern. A few years ago it became the nucleus of a dream of L. F. Loree for a railroad merger in the southwest that he would form and dominate.

The Kansas City Southern has an aggregate mileage of only 865 miles, as already indicated. The principal termini are Kansas City and Port Arthur, Texas. The road has been known in traffic circles for many years as the "Port Arthur Route."

Net income for 1927 was $1,711,295, equal to 2.92% on the common stock, against 4.80% in 1926. Dividends at the rate of 4% a year have been paid regularly on the preferred since July, 1907. No dividends have been paid on the common, and a glance at the net results for 1926 and 1927 will show that even yet they are not justified.

The figures in the foregoing paragraph were taken from a preliminary

statement for the year made by the company to the Interstate Commerce Commission. The pamphlet report for 1927, issued recently, showed net income of $1,897,667 against $2,279,832 for 1926, equivalent to 3.53% and 4.80% respectively on the common stock. It was explained that miscellaneous income included $277,099 accrued in the year 1920, as due from the Government under Section 209 of the Transportation Act, in excess of the amount paid by the Government.

As of November 30, 1927, the Kansas City Southern had total assets and liabilities of $153,394,082. Its position as to current assets and liabilities at that time were far from satisfactory and clearly showed that the company was by no means in a position to assume additional financial obligations, much less to serve as the holding company for a merger. Current assets were only $7,284,082, whereas current liabilities were given as $16,723,076, or an excess of liabilities of $9,438,993. Conspicuous among current liabilities were "Loans and Bills Payable," $5,000,000; "Other Current Liabilities," $8,053,245. A particularly unsatisfactory item was "Audited Accounts and Wages Payable," $2,124,769.

The above figures appeared in a balance sheet given as "Exhibit P" in the amended plan recently filed with the Commission. As stated, it was as of November 30, 1927.

The balance sheet as of December 31 last, appearing in the pamphlet report for last year, makes an altogether different showing, both for that period and for 1926. Current assets for 1927 are given as $6,590,081 and for 1926 as $6,655,168. Current liabilities are set down as only $4,261,002 compared with $4,328,015 for the previous year. Apparently the large loans appearing in the earlier balance sheet, to which special reference was made, had been paid off. According to the later balance sheet there was an excess of current assets of $2,329,079.

St. Louis Southwestern The Cotton Belt was acquired by Jay Gould, the elder, along with a considerable number of other railroads in the west and east, that he was said to have first broken down and then gobbled up. It was included in his vast estate. The property fell into the hands of his son Edwin, to whom it became a business pet. He held control tenaciously until he sold to the Rock Island several years ago. The I. C. C. did not look with favor on the way that the deal was handled, and the property managed to a great extent, by the Rock Island, in advance of securing the Commission's approval for what had been done and what was contemplated. Accordingly, one of its examiners turned the Rock Island's application to acquire control down in no uncertain terms. Not long thereafter the Rock Island sold its shares

(*Please turn to page* 1179)

Statistical Record of Business

	Week Ended Apr. 7, '28	Week Ended Apr. 14, '28	Year Ago
Volume Stock Exchange Transactions (Shares)	13,301,340	23,881,420	9,783,163
Average Price Magazine of Wall Street Index	124.5	128.6	102.6
Volume Bond Transactions	$52,541,200	$85,330,250	$55,656,550
Average Price 40 Bonds	93.36-93.11	93.50-93.27	91.35-91.30
Brokers' Loans (Federal Reserve)	†$3,979,308,000	‡$3,994,470,000	$2,862,615,000
Comm'l Loans Federal Reserve Member Banks	$8,222,229,000	$8,917,321,000	$8,696,334,000
Federal Reserve Ratio	72.1	71.6	78.8
Gold Holdings	$2,907,971,000	$2,912,661,000	$3,190,923,000
Rediscount Rate, N. Y.	4%	4%	4%
Debits to Individual Accounts	$19,064,000,000	$14,065,504,000	$13,104,269,000
Call Money	5½%	5%	4½%
Time Money (90 days)	4¾-⅞%	4⅞-5%	4⅝-½%
Commercial Paper	4¼-½%	4¼-½%	4-4¼%
Acceptances (90 days)	3⅞-¾%	4-3⅞%	3¾-⅝%
Dun's Business Failures	443	418	466
Weekly Food Index (Bradst's)	$3.29 (March 1)	$3.31 (April 1)	$3.43 (April 1)
Wholesale Prices (Bradst's)	$13.34	$13.41	$12.53

Industrial Barometers

	February	March	Year Ago
U. S. Steel Unfilled Tonnage	4,398,189	4,335,206	3,553,140
Steel Ingot Production	4,014,774	4,507,520	4,535,272
Pig Iron Production	2,900,126	3,199,674	3,483,362
Pig Iron Furnaces in Blast	186	197	223
Automobile Production	¶325,778	**425,000	298,359
Building Permits (Bradstreet's)	$278,596,182	$319,680,475	$336.576,174
Petroleum Production (bbls.)	68,388,850	73,877,550	75,300,000
Bituminous Coal Production (net tons)	41,290,000	44,531,000	60,150,000
*Copper Production (short tons)	67,423	70,172	69,310
Cotton Consumption (bales)	573,810	581,300	694,200
Spindles active	31,687,012	31,410,000	32,920,000
Wool Consumption (lbs)	48,323,520	....	46,388,783
Railroad Earnings	$70,064,223	....	$69,516,412
% on Railroad Property invested	4.79	....	4.89
Car loadings	3,589,694	4,753,853	4,982,547

Foreign Trade

	February	March	Year Ago
Merchandise Exports	$373,000,000	**$423,000,000	$409,000,000
Merchandise Imports	$353,000,000	**$382,000,000	$379,000,000
Gold Exports	$25,776,000	$97,536,000	$5,625,000
Gold Imports	$14,686,000	$2,683,000	$16,383,000

Distributive Trades

	February	March	Year Ago
Mail Order Sales	$38,392,116	$41,786,626	$41,146,999
Chain Store Sales (5 & 10 cent stores)	$92,044,918	$114,340,173	$93,332,519
Dept. Store Sales (index number 1923-5—100%)	85	....	83

* U. S. Mines. † April 4. ‡ April 11. ¶ Exclusive Ford. ** Subject to revision.

(*Continued from page* 1177)
to the Kansas City Southern, which proposed to pass them along to the M.-K.-T. because the Kansas City Southern was not in a position to take on that obligation in addition to its big holdings of M.-K.-T.

The Cotton Belt is second to the latter in mileage, having 1,747 miles of line. It derived its familiar name from the fact that it runs through a large cotton producing area. St. Louis, Memphis, Little Rock, Shreveport, La. Fort Worth and Dallas, Texas, are among the principal points served. Net income of the Cotton Belt for 1927 was $1,847,814, equal to 5.21% on the common against $2,405,509, or 8.63% in 1926.

Dividends at irregular annual rates were paid on the preferred from 1909 to 1914. From 1915 to 1921 all distributions were omitted. They were restored in 1922, when the total disbursement was 2½%. From 1923 to the present time the rate has been 5% a year.

While the common has not received dividends, the earnings just given show that this company is in a better position than either the M.-K.-T. or Kansas City Southern to give its junior shareholders some part of the profits each year. For some time it has been rumored that such action would be begun soon. The proposed merger plan may easily have held the directors back in this respect.

The balance sheet of the Cotton Belt as of December 31, 1927 showed total assets and liabilities of $142,419,977. It was in an altogether stronger position than the Kansas City Southern as to working capital. Current assets were $10,395,371, whereas current liabilities totalled only $3,097,943, giving net working capital of $7,297,428.

Conclusion Such in a few words is the position and such the results for the last few years of the three properties that Mr. Loree and his associates seek to control through stock ownership. The figures show the M.-K.-T. and Cotton Belt to be in a much stronger position than the Kansas City Southern. With the further development expected in the southwest, and with good management, both the M.-K.-T. and Cotton Belt should be able to pay dividends on their common shares within a few years at the longest, even if operated independently, as they were before Mr. Loree dreamed of controlling all three.

If he is compelled by the I. C. C. to sell, where will control land and with what big systems will the properties be lodged, if further mergers in the southwest are undertaken? Will some other ambitious railroad leader, or powerful banking group undertake to put these roads together in one system? Will earnings be larger and the value of the securities greater or less then than now? These are vital questions, difficult to answer. In the tentative consolidation plan of the I. C. C., which

Florida

Illinois

appears to be largely dead, the M.-K.-T. and Cotton Belt were placed with the Frisco, while the Kansas City Southern was put with the Missouri Pacific.

If the Loree undertaking in the Southwest fails altogether, as is expected, and the I. C. C. requires the sale of all the stock involved, and it goes into the open market, apparently the task will have to be begun over again. It has been suggested, that in this event, the Frisco would go ahead with a plan to actually take over the Rock Island and would include one or more of the three roads with which the name of Mr. Loree is still closely associated.

Whatever may be done in either of these respects ultimately, it may be stated that E. N. Brown, Chairman of the Board of the 'Frisco, and Chairman of the Executive Committee of the Rock Island, and his associates, do not feel disposed to take any further steps with regard to a merger of the Rock Island with the 'Frisco until the Parker Consolidation Bill, or a similar measure, becomes a law.

Neither the Southern Pacific nor the Atchison is eager for consolidation on an extensive scale. Until the situation changes materially it looks as though the three so-called Loree properties in the southwest would continue to be operated much the same as they have since Mr. Loree took hold of them. In the event of his amended plan failing and he being compelled to relinquish all interest in them, obviously the Commission would direct that he and his associates withdraw from the management. Under such circumstances, unless control were acquired in the meantime by a new group, in all probability the properties would be operated independently, for a time at least, as they were originally. Under such conditions, they would do as well as in recent years, perhaps better. That would depend considerably on the business situation in the Southwest and the country generally.

And now how about the roads in Eastern Territory with which the name of Mr. Loree has been so prominently identified for several years? The suggestions that I shall offer are based on the assumption that he will not try further to form a fifth system, that a four-system grouping will be worked out, and ultimately approved by the I. C. C., and that Mr. Loree will accept the Chairmanship of the proposed Nickel Plate System that is said to have been offered him by O. P. Van Sweringen.

NOTE.—After this article was written and shortly before going to press it was definitely reported, though not officially announced, that Mr. Loree actually had given up his dream for a fifth system and that "officials of the Pennsylvania, New York Central and other railroads have agreed on a plan for a four-trunk system, which has met the approval of Mr. Loree." This only adds confirmation to the predictions and assumptions of this article. There has been no announcement to indicate a different allocation of the strategic properties than that herewith presented.

In the early days, the Lehigh Valley was largely in the hands of a prominent Pennsylvania family. Some 15 or more years ago, Daniel G. Reid and Judge W. H. Moore obtained virtual if not actual control. They were said to have persuaded the late Dr. F. S. Pearson, a noted English engineer, who spent most of his time on this side of the Atlantic, to buy a large block of the stock, on which it is said his losses were extremely heavy. He also had dreams of railroad mergers in the United States.

In the last two years, the Lehigh Valley appears to have been the chief storm center in the entire Eastern merger situation. At one time the Pennsylvania, New York Central and Mr. Loree were said to have been in a contest for control. In due time it was rumored that the New York Central had dropped out, that Mr. Loree had joined forces with the Pennsylvania, and that he owned or controlled about 45% of the outstanding stock.

According to recent advices from Philadelphia and Washington that are believed in railroad circles to have been inspired, at least, by General W. W. Atterbury, President of the Pennsylvania, the lines of the Lehigh Valley are to be divided between the Pennsylvania and Nickel Plate. This in the event of Mr. Loree giving up altogether in the East. Such an allocation would give the Pennsylvania a line from New York to Buffalo, for which it has been clamoring ever since the four-system idea was started. It would also afford the Nickel Plate another line between these two highly important points, in addition to that afforded by the Erie.

Just recently it has been definitely reported that the Pennsylvania directors have been considering the purchase of Mr. Loree's 45% holdings of the Lehigh Valley. This apparently would give the Pennsylvania at least a part of what it has so much wanted, without waiting for the proposed four-system grouping to be made effective. Of course, approval of the I. C. C. would have to be obtained. It is to be gravely doubted that it would be granted in advance of a comprehensive plan for the Eastern territory being presented. General Atterbury did not say anything definite about the Eastern situation in the Pennsylvania annual report recently published.

In 1927, the Lehigh Valley, which is regarded primarily as an anthracite coal road, but which has a widely diversified through traffic from Buffalo connections, had net income of $4,235,-119, equal to 6.98% on the common (par $50) against $10,021,113, or 16.54% in 1926.

And then there is the Wabash,—"My Wabash"—as the late George J. Gould once spoke of it to the writer. He had just lost control of the Wheeling & Lake Erie, Pittsburgh & West Virginia, and Western Maryland. With

(*Please turn to page 1182*)

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MCH. 31, 1922, \$147,608.20
MCH. 31, 1923, \$272,463.58
MCH. 31, 1924, \$500,130.44
MARCH 31, 1925, \$750,097.73
MARCH 31, 1926, \$1,208,168.28
DEC. 31, 1927, \$1,952,459.49

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Under Supervision State Banking Dept.

(*Continued from page* 1180)

his back literally to the wall in his private office in the old Western Union Building at 195 Broadway, late one afternoon, after a stormy day, in which Mr. Gould had consented to receivership for the Wheeling, he said to the writer, "Whatever they [the bankers] do with these properties, they can't have my Wabash."

They did get it, the property went into receivership and was reorganized by the same bankers. Ever since it has been stronger in every respect than formerly. This was only one of several receiverships for the Wabash. J. C. Otteson, for some years vice-president and much longer secretary, and who is just rounding out 50 years with the company, has gone through all these receiverships and reorganizations.

It has been rumored that Mr. Loree would form a system, the chief stems of which would be the Delaware & Hudson, of which he has been president for some years, the Lackawanna and Wabash. He and his bankers are in control of a considerable block of Wabash. That company turned up at the recently held Lehigh Valley annual meeting as the holder of a substantial block of the stock of the latter company, but the judges did not allow it to be voted.

Under the allocation said to have been informally agreed upon by the officials of the four proposed big systems in the East, the Wabash would go to the Baltimore & Ohio, the Lackawanna to the New York Central, while the D. & H. would be used as a "bridge head" for the big systems that might want an outlet across the Hudson River to New England.

The Wabash would give the B. & O. another line under the Great Lakes and also to St. Louis. It has been rumored recently that the B. & O. does not want the property. The Lackawanna would bring to the New York Central, not only a valuable and extremely prosperous property, but also another line, particularly direct, from New York to Buffalo.

Finally, there are several small roads in Eastern Territory, important as connecting or "bridge head" lines. The shares have attracted much attention in the stock market from time to time, because of the wide fluctuations in both directions. They were supposed to have been the result chiefly of competitive buying.

Just where control now lies is difficult to tell. Reference is made especially to the Wheeling & Lake Erie, Pittsburgh & West Virginia, Western Maryland and Buffalo, Rochester & Pittsburgh.

The New York Central, Baltimore & Ohio and Nickel Plate, about a year ago, each bought a one-sixth interest in the Wheeling. The Taplin group is trying also to control the property. Mr. Taplin and his associates appear to have the Pittsburgh & West Virginia pretty well in hand. Baltimore & Ohio bought a substantial block of Western Maryland early last year, but its officials always have claimed that it represented only a "minority stockholders' interest."

Mr. Loree appears to be in nominal control still of the Buffalo, Rochester & Pittsburgh. Under the allocation said to have been agreed upon by the Eastern executives, the Eastern portion would go to the B. & O.

Here we have an outline of what Mr. Loree and his associates have attempted to do in the way of railroad consolidation, both in the Southwest and East, and of what the outcome is likely to be. It need only be observed that no important changes seem imminent with respect to the control or management of any of the properties directly involved. Every one interested, however, should follow developments closely. They are bound to be important. In the meantime there is no occasion to worry.

THE GROWTH OF AMERICA'S EXCHANGES

(*Continued from page* 1119)

tion is $13,500 bid, $15,000 asked. Important companies whose stocks are active in Philadelphia include the American Stores, United Gas Improvement, the Insurance Company of North America, as well as Pennsylvania, Reading and other railroad stocks.

San Francisco Stock Exchange

The San Francisco Stock Exchange has 67 members, exclusive of three

TABLE 8

San Francisco Stock Exchange

Year	Price Paid for Seats
1882	50.00
1883	200.00
1884	500.00
1888	1,000.00
1892	2,000.00
1896	2,450.00
1902	20,000.00
1904	12,500.00
1907	5,000.00
1908	6,100.00
1911	10,000.00
1912	12,500.00
1913	11,000.00
1914	10,000.00
1915	6,500.00
1916	7,500.00
1917	12,500.00
1918	No Sales
1919	25,000.00
1920	16,500.00
1921	24,000.00
1922	13,000.00
1923	17,500.00
1924	25,000.00
1925	30,000.00
1926	40,000.00
Sept. 1927	80,000.00
Oct. 1927	90,000.00 (10/20)
Nov. 1927	100,000.00 (11/5)

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Dividends

NCCA ORGANIZATION — National Cash Credit Ass'n

New Jersey Cash Credit Corporation
Preferred Stock Dividend No. 9

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share and a stock dividend of One Hundredth (1/100th) of one share has been declared on the Preferred Stock of the Corporation, payable April 25, 1928, to stockholders of record April 9, 1928.

OSCAR NELSON, Treasurer.

New Jersey Cash Credit Corporation
Common Stock Dividend No. 9

The regular quarterly dividend of 15c per share and a stock dividend of One Hundredth (1/100th) of one share, payable in preferred stock, has been declared on the Common Stock of the Corporation, payable April 25, 1928, to stockholders of record April 9, 1928.

OSCAR NELSON, Treasurer.

Connecticut Cash Credit Corporation
Preferred Stock Dividend No. 7

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share has been declared on the Preferred Stock of the Corporation, payable April 25, 1928, to stockholders of record April 9, 1928.

OSCAR NELSON, Treasurer.

Connecticut Cash Credit Corporation
Common Stock Dividend No. 7

The regular quarterly dividend of 15c per share has been declared on the Common Stock of the Corporation, payable April 25, 1928, to stockholders of record April 9, 1928.

OSCAR NELSON, Treasurer.

Pennsylvania Cash Credit Corporation
Preferred Stock Dividend No. 5

The regular quarterly dividend of 15c per share and an extra dividend of 15c per share has been declared on the Preferred Stock of the Corporation, payable April 25, 1928, to stockholders of record April 9, 1928.

OSCAR NELSON, Treasurer.

Pennsylvania Cash Credit Corporation
Common Stock Dividend No. 5

The regular quarterly dividend of 15c per share has been declared on the Common Stock of the Corporation, payable April 25, 1928, to stockholders of record April 9, 1928.

OSCAR NELSON, Treasurer.

NOTE: In the case of each Company, stock originally issued after January 25, 1928, will receive a pro rata dividend.

AMERICAN WATER WORKS AND ELECTRIC COMPANY
INCORPORATED
(of Delaware)

NOTICE OF DIVIDEND

A quarterly dividend of twenty-five cents (25¢) a share, payable in cash, on the common stock of the Company, has been declared payable May 15, 1928, to common stockholders of record at the close of business on May 1, 1928.

W. K. Dunbar, *Secretary.*

MIAMI COPPER COMPANY
61 Broadway, New York

April 2, 1928.

DIVIDEND NO. 63

The Board of Directors of Miami Copper Company have this day declared a dividend of thirty-seven and one-half cents (37½c) per share for the quarter year ending March 31, 1928, on the capital stock of the company, payable May 15, 1928, to stockholders of record at the close of business on May 1, 1928. The transfer books of the company will not close.

SAM A. LEWISOHN, Treasurer.

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Dividends and Interest

MIDDLE WEST UTILITIES COMPANY

Notice of Dividend on Common Stock

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of One Dollar and Seventy-Five Cents ($1.75) upon each share of the outstanding Common Capital Stock, payable May 15, 1928, to all Common stockholders of record on the Company's books, at the close of business at 5:00 o'clock P. M., April 30, 1928.

EUSTACE J. KNIGHT, *Secretary.*

Julius Kayser & Co.

A dividend of One Dollar and twenty-five cents ($1.25) per share upon the shares of the no-par-value Common Stock of JULIUS KAYSER & CO., issued and outstanding, has been declared for the quarter-year ending May 1, 1928, payable May 1, 1928, to the holders of record of such stock at the close of business April 16, 1928.

Dividend checks will be forwarded by Blair & Co., Inc., Agent for the Voting Trustees, with respect to shares held under the Voting Trust, and by Guaranty Trust Company of New York with respect to shares not so held.

CHARLES J. HARDY, Secretary.

INTERNATIONAL PAPER COMPANY
New York, March 28th, 1928.

The Board of Directors have declared a quarterly dividend of Sixty (60c) Cents a share on the Common Stock of this Company, payable May 15th, 1928, to Common Stockholders of record at the close of business, May 1st, 1928.

Checks to be mailed. Transfer books will not close.

OWEN SHEPHERD, Vice-President & Treasurer.

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Dividends and Interest

AMERICAN COMMONWEALTHS POWER CORPORATION
New York — St. Louis

DIVIDEND NOTICE

The Board of Directors of American Commonwealths Power Corporation has declared the regular quarterly dividend of $1.75 per share on its First Preferred Stock, Series "A", payable May 1, 1928, to Stockholders of record at the close of business April 14, 1928.

There has also been declared a regular quarterly dividend of $1.63 per share on the First Preferred Stock, $6.50 Dividend Series, payable May 1, 1928, to Stockholders of record at the close of business April 14, 1928.

There has also been declared the regular quarterly dividend of $1.75 per share on the Second Preferred Stock, Series "A", payable May 1, 1928, to Stockholders of record at the close of business April 14, 1928.

Checks in payment of dividends will be mailed.

Frederick E. Webster, *Treasurer.*

April 11, 1928.

The West Penn Electric Company

NOTICE OF DIVIDENDS

The Board of Directors has declared the regular quarterly dividends of one and three-quarters per cent. (1¾%) upon the 7% Cumulative Preferred Stock, and of one and one-half per cent. (1½%) upon the 6% Cumulative Preferred Stock of The West Penn Electric Company, for the quarter ending May 15, 1928, both payable May 15, 1928, to stockholders of record at the close of business on April 20, 1928.

G. E. Murrie, *Secretary.*

new memberships recently created which are to be sold at not less than $125,000 each. The last sale recorded was in November, 1927, at $100,000. As of a recent date, there were 101 stocks listed and 65 bonds, and which has shown a rapidly increasing volume of business as follows (Tables 7 and 8).

This exchange is not to be confused with the important San Francisco Stock and Bond Exchange, on which unfortunately sufficient data are not available at the moment of going to press.

Many other exchanges have their own importance, and stocks of companies of major importance are traded thereon. Baltimore, for instance, trades in Commercial Credit, Consolidation Coal, and United States Fidelity and Guaranty; Detroit in Hall Lamp, Parke Davis, Packard and Paige; Washington in the stocks of the two great printing equipment companies, Mergenthaler Linotype and Lanston Monotype; Toronto in a number of mining enterprises, like Hollinger, Kirkland Lake, Mining Corporation of Canada and others, many of them having time-tested investment quality, while others are interesting speculations. Montreal is another important Canadian market.

N. Y. Curb Market

The New York Curb Market deserves far more extended consideration than can possibly be given it in a brief sketch such as this, whose aim is to be suggestive rather than exhaustive. The vast improvement in the calibre of the stocks and bonds traded in since it moved indoors into its own building on June 27, 1921, has made it more than ever a securities market of the first importance. Public utility stocks now constitute a very important and characteristic feature of the Curb, as do a number of important industrial and oil stocks, while the bond department include many domestic and foreign is-

TABLE 9

Detroit Stock Exchange

Year	Listed Industrials	Listed Banks and Trust Cos.	*Listed Bonds	Listed Rights	Listed Warrants	**Unlisted Securities
1914	75,699	2,444	......	......	......	....
1915	339,917	......	......	......	......	....
1916	1,422,965	......	......	......	......	65,541
1917	447,676	......	......	......	......	....
1918	430,023	......	......	......	......	....
1919	1,174,713	350	......	......	......	....
1920	2,373,138	1,024	$47,700	......	......	....
1921	1,811,840	900	......	......	......	6,336,297
1922	2,675,417	1,106	$309,000	......	......	3,331,742
1923	2,768,592	1,492	$264,620	52,578	......	1,058,303
1924	2,127,252	1,690	$96,300	30,942	105	356,952
1925	3,059,224	2,120	$14,800	33,921	20	202,820
1926	1,850,162	2,899	......	8,245	10	....
1927	2,765,683	31,173	......	40,058	......	....

* Bond listings discontinued October, 1925.

** Record of unlisted securities discontinued October 17, 1925.

Memberships

	High	Low
1914	$100	$100
1915	250	100
1916	....	....
1917	2,500	2,500
1918	....	....
1919	3,000	3,000
1920	3,000	3,000
1921	3,500	3,500
1922	....	....
1923	....	....
1924	....	....
1925	3,000	700
1926	4,000	3,500
1927	4,000	4,000
1928	7,500	6,500

Total Securities Cleared Through Detroit Stock Exchange Clearing House

1924	1925	1926	1927
$44,045,871.46	$147,650,144.47	$80,247,728.05	$151,760,463.70

No record of clearings previous to 1924.

sues of great investment interest. From time to time active issues are transferred from the Curb to the New York Stock Exchange of "Big Board," such as Electric Power and Light, American Power and Light, Hershey, Victor Talking Machine, and many others, but new high-grade issues are constantly being admitted to trading. Data as to prices of seats and volume of sales follow (Table 10).

TABLE 10

New York Curb Market

Stocks and Bonds Sales

	Stocks	Bonds
1921	15,500,000	$25,500,000
1922	21,700,000	55,000,000
1923	50,900,000	90,000,000
1924	72,000,000	200,000,000
1925	88,400,000	500,000,000
1926	115,500,000	525,000,000
1927	125,000,000	575,000,000
*1928	*40,000,000	*290,000,000

*First quarter. (Since Exchange moved indoors, calibre of stocks and bonds have shown vast improvemnt.)

Price Range of Seats

	High	Low
1921	$8,000	$3,750
1922	10,000	4,200
1923	9,500	3,900
1924	9,000	4,000
1925	37,500	8,500
1926	35,000	17,500
1927	67,000	22,000

1928 (Last sale $65,000. Now offered $70,000.)

While the New York Produce Exchange, as the name implies, is given over to trading in agricultural products, it is understood that its activities will shortly be extended to include trading in "over-the-counter" securities. Prospects of such expansion have accounted for the amazing rise in the value of memberships from a previous high since the war of $4,200 to recent sales at $10,000 (Table 11).

TABLE 11

New York Produce Exchange

Memberships

High and low prices for seats in 1913 and 1918 to 1927 inclusive:

	High	Low
1913	$700	$350
1918 over	2,600	1,150
1919-1921 inclusive. No record. During this period a high of $4,200 was reached.		
1922	$1,950	$1,325
1923	1,800	1,100
1924	1,100	1,000
1925	1,250	1,150
1926	3,900	1,150
1927	3,000	1,500

Among the other commodity exchanges of New York City, first rank is probably held by the New York Cotton Exchange, whose membership is

limited to 450. Last sale of membership was at $29,000, range for previous years having been as follows (Table 12).

With the continued displacement of New England textile manufacture by

TABLE 12

New York Cotton Exchange

High and Low Prices Bid for Memberships

	High	Low
1913	$19,000.00	$12,000.00
1918	15,500.00	11,800.00
1919	26,000.00	15,500.00
1920	24,600.00	17,000.00
1921	22,500.00	15,500.00
1922	30,000.00	16,250.00
1923	32,000.00	25,500.00
1924	33,000.00	26,500.00
1925	37,750.00	29,500.00
1926	28,000.00	24,000.00
1927	32,500.00	27,000.00

the South in recent years, New Orleans has come into greater prominence, especially under the newer rules of the latter exchange whereby delivery at other points such as Galveston and Houston is considered good delivery against New Orleans contracts.

The New York Coffee and Sugar Exchange, which has 338 memberships, is the major American market for these two commodities. The current quotation for seats is about $17,000, some $3,000 under the high reached in 1926. Transactions in sugar have been of increasing importance in recent years in the operations of the exchange, as indicated by the accompanying figures (Tables 13 and 14).

TABLE 13

New York Coffee and Sugar Exchange

Memberships

Year	High	Low
1913	$1,500.00	$1,200.00
1918	6,000.00	3,000.00
1919	8,600.00	5,600.00
1920	8,100.00	5,250.00
1921	6,000.00	4,000.00
1922	6,900.00	4,000.00
1923	7,000.00	5,200.00
1924	8,000.00	6,200.00
1925	14,000.00	8,100.00
1926	20,000.00	15,000.00
1927	18,500.00	16,500.00

Of the two newer exchanges, the New York Cocoa Exchange, which began trading on October 1, 1925, has 183 members, its full limit under present regulations. In its first year of trading, from Oct. 1, 1925, to Sept. 30, 1926, it dealt in 23,480 lots of 30,000 pounds each, having a value of about $72,975,840, and in the year ending Sept. 30, 1927, it handled 42,133 lots valued at $190,230,495. It is not sur-

prising, therefore, that seats originally sold by the Exchange at $300, and thereafter up to $5,000 until the membership limit was reached, are now quoted around $5,500, the highest price on record being $5,600.

The Rubber Exchange of New York, Inc., opened for business on Feb. 15, 1926, and has 250 memberships exclusive of five charter memberships.

TABLE 14

New York Coffee and Sugar Exchange

Volume of Transactions

Year	Coffee		Sugar	
1913	23,374,750	Bags	....	
1918	....		....	
1919	....		....	No
1920	....		....	Record
1921	....		....	
1922	....		....	
1923	5,759,250	Bags	5,401,500	Tons
1924	14,208,000	Bags	8,722,750	Tons
1925	15,951,750	Bags	10,623,550	Tons
1926	11,186,250	Bags	12,640,200	Tons
1927	8,630,000	Bags	14,383,900	Tons

The original cost was $1,000, but sales have ranged from $3,000 to $12,000. From the opening of the exchange to Feb. 15, 1928, total transactions amounted to 185,365 lots of 2½ tons each, or 463,412½ tons valued at about $427,500,000.

In the foregoing, the intention has not been to cover every exchange on which securities or commodities are dealt in in this country, there being some notable omissions due to limitations of time and space. If the reader has been led to realize the nation-wide scope and sound basis of organized exchange trading in this country, these notes will have fulfilled their purpose.

A SIMPLIFIED BUDGET-ON-YOUR-CHECK BOOK PLAN FOR SAVINGS

(*Continued from page* 1148)

pendence at fifty. Besides the monthly deposits from the pay check, all interest from bonds and stocks should be put in this account. No bills should be paid out of this account except life insurance premiums, with the possible exception of the yearly subscription to THE MAGAZINE OF WALL STREET, which is necessary in order to intelligently invest the money in this account as it grows to sufficiently large proportions for investment.

The Christmas club account when added to the December master check book account is usually sufficient to cover all bills incurred at that time of the year.

As salaries increase or family conditions change under this system it is possible to increase the amounts in proportion to the increase or to bolster up those funds most in need.

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MOUNTAIN PRODUCERS CORPORATION

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THE OUTLOOK FOR THE NATION'S BIGGEST INDUSTRIES

(Continued from page 1125)

covering but slowly from a long period of depression and cotton manufacture has in the past few months been retarded in its advance toward better times, we find rayon among the most prosperous industries of the country and silk facing a more promising prospect than has been the case for many months.

Perhaps the greatest handicap with which the industry, as a whole, must contend is its over-capacity. The full output of nearly all of its branches is considerably in excess of the combined needs of both home and foreign markets. Thus last year when cotton staple was cheap and cotton goods markets unusually broad, a large percentage of the mills were well occupied; but the tendency to overproduce was not held in check and when the value of the staple rose the necessary adjustment between raw material and finished goods worked many severe hardships. Apparently, however, cotton manufacturers learned a lesson, for one of the heartening signs in the past few months has been the conservative manner with which mill output has been aligned with market demand. A continuance of this policy coupled with a fair stability in the cotton market seems certain to foster the return of more profitable conditions in cotton textiles.

Woolen goods manufacture is currently faced with a high level of raw material prices. The situation, however, has one saving grace, in that the world's present supply of raw wool wculd seem to preclude the possibility of any drastic decline in prices, and, at the same time holds forth the assurance of reasonable stability which in the long run makes for the greatest advantage to the manufacturer. The recovery of the woolen industry is something for which it is needless to look in the next few weeks but from a longer range its ultimate achievement of a more favorable earning basis seems assured.

Lumber Movements Generally Ahead of Last Year

To those not connected with the industry it may be surprising to learn that more than two and a quarter billion dollars are invested in the production and sale of lumber. Despite the inroads of steel and concrete in construction and the wood substitutes in other industries, the lumber business still holds its place among the greatest industries of the country.

Competition between various sections of the country and the heavy volume of production in nearly all of the great forest areas has had a tendency to

depress the price average of lumber during most of last year, with the down trend still more or less prominent in 1928. Fortunately, however, there is an offsetting factor to lower prices to be found in a substantial increase in the volume of business done in most classes of lumber. A review of the first thirteen weeks of the current year shows that production, shipments and orders are exceeding the corresponding period of last year by several millions of feet. This rising business is particularly notable among the Southern pine mills, the West Coast lumbermen and the California white pine mills. Hardwood producers are profiting by the increase in motor car output and of course both hard and soft wood are stimulated by tremendous amount of building and construction in progress. Moreover, with no signs of slackening in either of these consuming industries, prospects for continued activity close to present scale of operations seems assured.

Record Building Program Continues THE extensive building program which has been a feature of the business situation in nearly all parts of the country during the past three years has justly earned for the construction industry its characterization as a "pillar of prosperity." In fact the influences of the industry are so wide that over a period of years it is found that the volume of square feet of building contracts let is a fair measure of the ups and downs of business activity. On that general basis, business cannot be catalogued as other than satisfactory; for the volume of new construction since the first of the year is considerably ahead of 1927 and compares favorably with the high levels of 1926. Abundant credit and a general lowering of building costs through actual reduction in principal building materials and, more indirectly, in a higher efficiency of labor continue to stimulate a large number of projects. The introduction and wide application of various labor saving devices is also an important factor in the decreasing of the cost of new building.

Moreover, it can truthfully be said that building is on a sounder and more conservative basis than at any time during the past few years. Financing is more cautious and the extension of credit by dealers in materials and others is under more careful scrutiny. The net result is to place the industry in a much stronger position and the outlook for its continued successful expansion is favorable.

Petroleum Slowly Recovers LAST year was the high point in the production of petroleum. From March until December the flood of crude oil seemed ever-increasing and prices were as definitely in the opposite direction. Despite the fact that consumption also

reached new peaks, storage and tank line facilities were taxed to the utmost with an increasing supply. This year some of the vigorous efforts to effect much needed curtailment have borne fruit so that output has come down somewhat, although not enough, it must be realized, for production is still close to 1926 figures and very large stocks weigh heavily on the price structure. This year already gives evidence of setting up a new record for consumption, but this does not mean any startling or immediate recovery for crude producing companies. It may, however, quite markedly change the fortunes of the refining companies. That is to say, those companies so situated as to be able to buy cheap crude and subsequently to take advantage of the tremendous market for gasoline and lubricating oils which is resulting from the growing use of the automobile.

Coal Outlook None Too Favorable

COAL is an industry that is overmanned. Demand for its product has not shown a growth proportionate to that of other important industries. Part of this is due to a more efficient use of all fuels, as exemplified by railroad consumption, and partly to the introduction of more and more electric power, natural gas and fuel oils.

Tremendous mining activity took place before the strike was called a year ago as all consuming industries built up heavy reserve piles. In fact, so complete was the preparation that no shortage occurred, and non-union mines were able to maintain supplies to such an extent that little or no price appreciation came about. Now, although the strike is still in progress in some areas, production is back to what is termed a normal of about ten million tons a week but markets continue their lethargy and the price level shows little response to momentary spurts in demand. Except to companies operating under very favorable costs, present levels are not conducive to very profitable showings and the industry continues one of the weakest spots in the entire industrial fabric.

Steel Operations Reflect Activity in Many Lines

THE fact that steel, as a major basic industry, has shown a steady improvement since the beginning of the year with respect to output, volume of demand and, to a lesser extent, prices, is a fair indication of the trend in a number of important industries. Chief among these are railroad, construction, automotive and agricultural implement, while in a less conspicuous way other steel consumers have also aided in the advance to higher and more active levels. Following a year which, from almost every standpoint but particularly on the basis of business in the latter months, was

(*Please turn to page 1191*)

(*Continued from page* 1189)

the least satisfactory that has been witnessed in some time, the fact that current months should stand out so well above the average is decidedly encouraging.

Despite the changing tide of consumption, the industry has been able to keep production at fairly well balanced levels. Moreover, this consistency in the face of many trying circumstances is bearing fruit, so that producers are in an excellent position to profit by more active demand. The only fly in the ointment is the price level which is somewhat low in comparison with last year. The Iron Trade Review's composite price per ton of iron and steel prices stands at $35.57 for the first quarter compared with $37.16 for the corresponding period of last year. Manufacturers, fully aware of this situation, are making attempts to advance prices wherever possible, although progress in this direction is meeting stiff opposition from consumers. Closer cooperation between producers, however, should in the long run prove successful in bringing about the desired result.

The outlook for the next several months continues bright. Agricultural conditions are more favorable; farmers are better supplied with actual cash than in some time to purchase necessary equipment. Automobile producers are experiencing one of the heaviest seasons in their history and the end is by no means in sight. The oil industry is forced into the market for replacement and new equipment materials and before long specifications should be more encouraging. Railroad buying of equipment is due for a revival, the length of which is not easy to determine. Construction work continues at high levels, with no signs of a marked recession in the near future. All of this means a sustained and active demand for steel products and the likelihood that producers will be able to achieve an improved profit position over last year.

Outlook Barometer Reads Fair

FROM the discussion of these ten largest industries what inferences may be drawn? It will be noted that out of the ten, seven reflect generally satisfactory fundamental conditions and face promising prospects for profitable operation. Of the remainder, two, oil and textiles are recovering—too slowly, it is conceded, to make a highly favorable showing this year, but undeniably headed for better times. Furthermore, among the seven promising industries we have those such as building, steel, agriculture and automobiles, which exert the widest influence on general business conditions. With so high an average among basic lines, and with the season at hand when the industrial pulse normally register a quickening, there is ample justification for viewing the business outlook with equanimity born of confidence in the profit prospect.

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